

Export Potential Survey

MAHARASHTRA

VOLUME I

PREPARED FOR THE GOVERNMENT OF MAHARASHTRA

MARKETING RESEARCH DIVISION
INDIAN INSTITUTE OF FOREIGN TRADE
C-10 GREEN PARK EXTENSION
NEW DELHI-16

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INTRODUCTION

Assignment

The Government of Maharashtra commissioned the Indian Institute of Foreign Trade, New Delhi, to conduct an Export Potential Survey of the State. The broad objectives of the Survey were:

1. to study and analyse the export trade of Maharashtra in the light of raw material availability, production capacity, export finance, shipping, pre-shipment inspection, market opportunities abroad, etc.;
2. to study deficiencies and handicaps felt by trade and industry with regard to various facilities;
3. to suggest concrete and practical measures, short-term and long-term, with a view to diversifying and expanding the export trade of the State.

Study of the Industrial Estates as well as the organisational set-up in the industry, trade and the State Government also formed part of the Survey.

Committee of Direction

With a view to providing overall guidance and direction for the Export Potential Survey, a Committee of Direction was set up with Director General, IIFT, as Chairman and representatives of the State Government, Trade & Industry and the University of Bombay as members.

The composition of the Committee of Direction was as follows:

- | | | |
|----|--|----------|
| 1. | Shri H.D. Shourie
Director General
IIFT, New Delhi | Chairman |
| 2. | Shri M.N. Desai
Commissioner of Industries
Government of Maharashtra
Bombay | Member |
| 3. | Shri A.R. Bhat
256, Sadashiv Peth
Poona-2 | Member |
| 4. | Shri G.B. Newalkar
Chairman
Maharashtra Small Scale
Industries Development
Corporation
Bombay | Member |
| 5. | Dr. P.R. Brahmananda
Professor of Monetary Economics
Department of Economics
University of Bombay
Bombay | Member |
| 6. | Shri S.P. Godrej
Vice-Chairman
Indian Council of Foreign
Trade and Director, Godrej
& Boyce Manufacturing Co. Ltd.
Bombay | Member |
| 7. | Shri P.S. Patanwala
Vice-Chairman
Basic Chemicals, Pharmaceuticals
& Soaps IFC
Bombay | Member |
| 8. | Shri L.B. Gaware
Charterparty Chambers
Bombay-7 | Member |

- | | | |
|-----|--|------------------|
| 9. | Shri C.R. Bondre
Foreign Sales Executive
Kirloskar Oil Engines
Poona | Member |
| 10. | Shri V.M. Srikumaran Nayar
Joint Chief Controller of
Imports and Exports
Bombay | Member |
| 11. | Director
Small Industries Service
Institute
Bombay | Member |
| 12. | Director of Export Promotion
Directorate of Industries
Bombay (Shri S.M. Lad and in
his absence Dr. V.V.Kale) | Member |
| 13. | Shri S.K. Vidwans
Director
Bureau of Economics & Statistics
Government of Maharashtra
Bombay | Member |
| 14. | Shri V. Vithal Babu
Deputy Director General
IIFT, New Delhi | Member |
| 15. | Shri R.S. Deshpande
Project Leader | Member-Secretary |

Survey Team

The Survey was conducted by a team appointed by the IIFT headed by a Project Leader. M/s. Kirloskar Consultants Ltd., Poona, associated with the Survey, undertook field work in regard to engineering products, plastics, glass and glassware, dye-stuffs, textile auxiliaries, etc. In addition, they made special studies on Quality Control and Pre-shipment Inspection, Managerial

Set-up and Industrial Estates. The entire field work was carried out by a team comprising nine officers of IIFT under the supervision of the Project Leader and the Deputy Project Leader, and officials of M/s. Kirloskar Consultants Ltd. under the supervision of Shri S.N. Deo, Executive, Market Survey and Feasibility Study Division and Shri A.G. Jumde, Market Research Officer. The Survey Team of the Institute consisted of the following:

Project Leader:	Shri R.S. Deshpande
Deputy Project Leader:	Shri R. Anantharaman
Assistant Chiefs:	Shri H.S. Marwaha Shri N. Parthasarathy Shri G.N. Nagar Shri G.D. Deshpande (Panel Officer, Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council, Bombay), on deputation
Research Officers:	Shri S.B. Kulkarni Shri P.K. Bhandari Shri O.P. Sikka
Research Associates:	Shri M. Dattatreya Shri O.P. Kapoor

The Commodity Note on "Auto Parts" contained in Vol. II of the Survey Report was drafted by Shri Paras Ram, Research Officer of the Institute.

Methodology

During the Survey, about 100 products were selected for detailed field investigation after discussions with State Government officials, representatives of trade and industry, Export Promotion Organisations and Trading Corporations. These items were classified into 26 heterogeneous groups and broadly covered engineering goods,

chemicals and allied products, plastics, paper & paper products, ceramic products, agricultural & marine products, gems and jewellery, hardboard and veneer, textiles, leather products, etc. The list of surveyed items appears at the Annexure.

Selection of units was made essentially on the basis of stratified sampling. All the units accounting for the bulk of exports and/or production were regarded as constituting a single stratum which was covered in its entirety. A 5 per cent simple random sample was taken from the other stratum. This underlying objective was to ensure that while full coverage was secured of those few units which are most important from the point of view of exports and/or production, adequate information is obtained on the remaining units to facilitate a comparative study of the units in the two strata. Lists of units available with the State Government, manufacturers' associations, Export Promotion Councils and Central Government agencies such as the Directorate General of Technical Development and the Small Industries Service Institute, supplemented by sources such as Directorate of Industry and Trade, provided the basic sampling frame. However, in the case of a few products such as fresh fruits, Kolhapuri chappals and made-up articles, as a comprehensive list of units was not available, the selection of units was made after consulting the representatives of the industry, trade and Government organisations. Detailed field investigations were carried out in respect of 900 units so selected. A comprehensive questionnaire was drawn for the field work and this was sent to the selected units. In cases where eliciting of information on the basis of questionnaire was

not possible, discussions were held in order to ascertain problems and prospects. Important data from questionnaires have been tabulated in Volume V of the Report.

The Survey Team visited underdeveloped regions of Marathawada, Vidarbha and Western Maharashtra for on-the-spot discussions with the industry and trade.

The Survey Team held discussions with selected banks, insurance companies, shipping agents, forwarding and clearing agents, shipowners, Bombay Port Trust authorities, Directorate General of Shipping, State Government, local bodies and major Export Houses to study various aspects such as export finance, insurance, port facilities and shipping. Information on markets, tariffs and trade regulations was collected from published and unpublished sources.

Structure of Report

The Report is presented in six Volumes. The contents of each volume are briefly indicated below:

Volume I	Summary of Findings and Recommendations and Chapters on Industry of Maharashtra, Review of Imports and Exports, Role of State Government in Export Promotion, Industrial Estates, Export Houses, Port and Shipping Facilities. etc.
Volume II	Commodity Notes on Engineering Products.
Volume III	Commodity Notes on Chemicals and Allied Products.

Volume IV	Commodity Notes on Other Products such as Agricultural and Forest Products, Marine Products, Animal Products, Textiles, Leather and Rubber Products.
Volume V	Statistical Tables
Volume VI	Confidential Report on cost data collected during the Survey

Acknowledgement

The Institute acknowledges with deep sense of gratitude the keen interest evinced by Shri R.A. Patil, the Minister of Industries, in the progress of the Survey. The members of the Committee of Direction spared their valuable time in giving overall guidance to the Survey, and the Institute offers sincere thanks to them. The Survey team was benefitted by the advice of Prof. P.R. Brähmananda of the Bombay University in devising suitable methodology for the Survey. The Survey Team had also the benefit of advice and guidance from Shri M.N. Desai, Commissioner of Industries, Shri S.M. Lad, Director of Export Promotion and Dr. V.V. Kale (Director of Export Promotion in the absence of Shri S.M. Lad). Special thanks are also due to Shri G.B. Newalkar, Chairman and the staff of the Maharashtra Small Scale Industries Development Corporation for providing the necessary facilities in the conduct of the field work in Bombay. The Institute is grateful to the Central Government Ministries/Departments such as Ministry of Foreign Trade, DGTD, Planning Commission, Export Promotion Councils, Commodity Boards, Trading Corporations, Chambers of Commerce and various Research Organisations for the valuable assistance received from them. India's Commercial Representatives abroad made available useful market information and intelligence in respect of the products covered

in the Survey. Lastly, but for the willing cooperation extended by the manufacturers and exporters, successful completion of the Survey would not have been possible.

The Institute would like to express its appreciation of the work done by M/s Kirloskar Consultants Ltd, Poona for the Survey.

LIST OF SURVEYED ITEMS

Engineering Products

Textile Machinery and Knitting Machinery

Chemical Machinery & Equipment

Machine Tools

Small Tools and Hand Tools

Industrial Diamond Tools

Cast Iron and Steel Castings

Agricultural Implements and Machinery

Diesel Engines

Auto Parts

Pressure Stoves and Lanterns

Stainless Steel Utensils

Stainless Steel Surgical Instruments
and Hospital Equipment

Scientific and Measuring Instruments

Weighing Machines, Weights and Accessories

Wire and Wire Products

Builders' Hardware

Switchgears, Control Gears & Transformers

House Service Meters

P.V.C. Insulated Cables and Wires

Electric Motors

Electric Fans

Electric Lamps & Fluorescent Tubes

Electrical Accessories and Appliances

Dry and Storage Batteries

Electrodes and Welding Equipment

Public Address Equipment

Chemicals & Allied Products

Caustic Soda
Hydrochloric Acid
Chlorine
Hydrogen Peroxide
Potassium Chlorate
Sulphuric Acid
Vanadium Pentoxide Catalyst
Acetic Acid
Potassium Permanganate
Aluminium Sulphate and Alum
Borax & Boric Acid
Bichromates
Sodium Hydrosulphite
Ethyl Alcohol
Barium Salts
Zinc Salts
Carbon Tetrachloride
Petrochemicals
Manganese Sulphate
Beta Ionone
Vitamin A
Vitamin B12
Bismuth Salts
Citric Acid
Medicinal Castor Oil
Salicylic Acid
Emetine Hydrochloride
Ispinal
Sera and Vaccines

Soaps, Cosmetics, Toiletries
and Perfumery Compounds

Pesticides

Paints and Pigments

Super Phosphates and Mixed Fertilisers

Gun Powder

Dyes and Dyestuffs

Textile Auxiliaries

Plastics

Paper and Paper Products

Ceramic Products

Glass and Glassware

Other Products

Bananas

Mangoes

Citrus Fruits

Grapes

Processed Fruits & Vegetables

Cashewnut Shell Liquid (CNSL)

Coir and Coir Products

Biscuits, Sugars, Confectionery and Cocoa
Products

Marine Products

Crushed Bones

Teakwood

Veneer

Hardboard

Chipboard

Shellac

Made-up Textile Articles (Mill Sector)

Powder-loom Made-up Articles

Ready-Made Garments, Brassieres
and Neckties

Hosiery Goods

Leather Footwear and Other Leather
Manufactures

Rubber and Canvas Footwear

Surgical and Medical Rubber Products

Gems & Jewellery

Cinematographic Films

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. Economy of Maharashtra

In respect of area and population, Maharashtra is the third biggest state in the country and the population is characterised by high degree of urbanisation and significant share of working population. The industrial progress of the State, mostly in the Bombay region, has been reflected in the high per capita income of Rs 696, as against an average of Rs 543 for the country, but there are considerable regional disparities.

(Paras 1.1 & 1.2)

Agriculture contributes 34 per cent to the State's income. Besides food crops, cotton, tobacco, oilseeds, fruits, condiments and spices are other important crops. Teak wood and shellac are important forest products for exports from the State. There is considerable scope for the development of the State's fisheries and certain varieties of marine fish have good export potential. The mineral resources of the State mainly comprise iron ore, manganese ore, coal, limestone and bauxite.

(Paras 1.3 to 1.15)

Maharashtra is the premier industrial state in the country. The industrial activity is concentrated in the Bombay-Thane and Poona-Pimpri regions, mainly due to favourable economic factors. Textiles, engineering, chemicals, sugar, petro-chemicals are the important industries and in recent years, the industrial structure of the State has been greatly enriched and diversified. The small scale industries account for 30 per cent of

the industrial output. The State Government plays a significant role in the industrial development of the State.

(Paras 1.16 to 1.23)

The development of transport and communications in the State has been lopsided and most of the areas, in Konkan and Marathwada lack adequate facilities. Bombay is the major port in the country and is also an important international airport.

(Paras 1.24 to 1.26)

The Fourth Five Year Plan of the State will be of over Rs 1,000 crores in the public sector, agricultural programmes including irrigation receiving the highest priority. The programmes of industrial development are aimed at promoting rural industrialisation and providing support to the agricultural economy.

(Paras 1.28 to 1.30)

Maharashtra accounts for over 14 per cent of the total exports from the country, non-traditional items contributing a significant share.

(Para 1.33)

2. Review of Exports from Maharashtra

Maharashtra's exports would include (i) items produced in the State both with raw materials available in the State and with raw materials imported from abroad or from other states in India, (ii) those for which raw materials are imported by entrepreneurs in Maharashtra and produced or processed outside the State on their own account and (iii) items bought by the merchant-exporters from producers in the State.

Based on the criteria mentioned above, Maharashtra's exports during 1968-69 were estimated at Rs 206 crores constituting nearly 15 per cent of all-India exports. Group-wise, Maharashtra's exports mainly consist of textile fabrics and manufactures (28 per cent), agricultural and allied products (19 per cent), engineering products (15 per cent), gems and jewellery (13 per cent), basic chemicals, drugs and other chemicals and allied products (8 per cent) and others (12 per cent). Maharashtra is the second leading exporting State in India, West Bengal being the first.

(Paras 2.3 & 2.4)

The agricultural and allied products exported from the State (Rs 39.50 crores) mainly consisted of oilcakes, raw sugar, fresh and processed fruits, marine products, raw cotton and waste, oil seeds (HPS groundnut), spices (turmeric and curry powder) and pulses (urad and mung).

(Paras 2.5 to 2.9)

In ores and minerals, Maharashtra's exports are mainly of iron and steel scrap.

(Para 2.10)

Among textile fabrics and manufactures, bulk of the grey cotton fabrics exported from India originate in Maharashtra. Maharashtra's exports of cotton yarn have reached a new high in 1968-69 (Rs 14.32 crores). Maharashtra's share in all-India exports of cotton hosiery apparel and other manufactures is also significant. Maharashtra's share in country's exports of woollen fabrics was 80 per cent.

(Paras 2.11 & 2.12)

Maharashtra's exports of leather and leather manufactures (Rs 4.25 crores and Rs 75 lakhs respectively) accounted for 5.9 per cent and 12.2 per cent of the total exports from the State respectively.

(Para 2.13)

Maharashtra is the leading producer of basic chemicals and drugs accounting for nearly 75 per cent of all-India exports. Main items of her exports are organic and inorganic chemicals, drugs, dyes and agribattis. Among other chemicals and allied products, Maharashtra leads in the exports of paints and varnishes, fertilisers, rubber products, etc.

(Paras 2.14 & 2.15)

The oil refineries situated in Maharashtra contributed Rs 4.25 crores to all-India exports in 1968-69.

(Para 2.16)

The State accounts for 80 per cent of all India production of plastics and 60 per cent of all India exports. Increasing trends in exports from the State are noticeable in respect of fountain pens, PVC fabricated goods, plastic moulded goods, and plastic extruded goods.

(Para 2.17)

Maharashtra's exports of engineering items (excluding primary steel items) were estimated at Rs 25 crores accounting for nearly 30 per cent of all India exports during 1968-69. Maharashtra has specialised in the exports of railway wagons, C.I. and steel casting pipes and tubes, diesel engines, auto parts, textile machinery, etc.

(Para 2.18)

Exports of gems and jewellery from Maharashtra (Rs 37.4 crores) accounted for nearly 90 per cent of all India exports in 1963-69.

(Para 2.19)

Maharashtra leads in the exports of cinematographic films (Rs 2.71 crores) also accounting for 83 per cent of all India exports.

(Para 2.20)

During the Survey, field investigation was undertaken in respect of nearly 100 items - mostly non-traditional in character-and their total exports were estimated at Rs 75 crores. Given the facilities mentioned in the Report under respective commodity chapters the Survey estimated exports of these items at Rs 156 crores by 1973-74.

(Para 2.21)

3. Role of State Government in Export Promotion

In the context of the 7 per cent annual growth rate in exports visualised during the Fourth Plan period, the states will have to make a dynamic endeavour to achieve the three-fold objective of formulating policies, co-ordinating effort between Governmental agencies and business houses, and executing the actual programme of exports at commodity level. The major spheres of export promotion, where the State Government can make an effective contribution, are provision of adequate land, water, power, raw materials, technical assistance, etc. to the industries in the state, relief in taxes and levies,

provision of adequate warehousing facilities, assistance in marketing the products of small-scale sector and organisation of production for exports in respect of various agricultural and agro-based items and minerals. Being alive to the State's role, the Government of Maharashtra has already established organisations and institutions to effectively assist the export trade of the country.

(Para 3.1 to 3.7)

I. Role of State Board for Export
Promotion, Commodity Panels &
Directorate of Industries

A review of the activities of the State Board for Export Promotion and the various Commodity Panels constituted by it, reveals that they have been able to achieve considerable success in the matter of providing essential infrastructure to the industries located in the State, in taking up certain vital issues with the State Government, in the matter of providing warehousing facilities, in the field of quality control and pre-shipment inspection, in the field of publicity and in bringing grievances of various exporters to the notice of the Central Government, Government Departments and Government sponsored Organisations like Export Promotion Councils and Commodity Boards. It is desirable that the State Board for Export Promotion and Commodity Panels meet more frequently so as to enable them to take up important issues affecting the State's export trade. There is a need for a high-powered committee to take quick decisions and expedite implementation of various recommendations.

(Para 3.8 to 3.22)

The Export Promotion Cell in the Directorate of Industries is considerably handicapped in its working mainly because of weakness in its organisational set-up. There is a need to convert the Cell into a full-fledged Directorate of Export Promotion, having separate commodity wise wings to look after the export promotion of various items from the State.

(Paras 3.23 to 3.34)

II. Role of State-Sponsored Organisations

For enriching the industrial structure of the State, by diversifying and expanding the existing industries and establishing new ones, the Government of Maharashtra have set up a number of special organisations such as M.I.D.C, S.I.C.O.M, M.S.F.C, M.S.S.I.D.C. and the Agro-Industries Development Corporation. It is suggested for the consideration of some of these organisations that while assisting entrepreneurs in setting up units in various parts of the State, special attention may be paid to the export potential of the items they are likely to manufacture. The Agro-Industries Development Corporation should devote concerted attention to the development of the agro-based industries, particularly in the underdeveloped regions of the State.

(Paras 3.35 to 3.41)

Although the activities of the MSSIDC in the export field are increasing, these are insignificant as compared to the export potential of the State's small scale sector. MSSIDC should develop the units in which it has equity participation, as "Leader Units". In addition, the Corporation should also identify such of the small scale units which could produce quality products for export markets and assist them in all possible ways in order to

build up exports from the small scale sector. In view of MSSIDC's multifarious activities, and also due to the export programme it has set before it for the next 3 years, it will not be possible for it to devote concerted attention to exports. It may be necessary to separate the Export Wing from the MSSIDC and ultimately establish an Export Corporation for the State.

(Paras 3.42 to 3.48)

III: Role of State Government in Developing the Underdeveloped regions of the State

As a result of the regional disparities and economic imbalances in the State, the State's contribution to the export effort is almost limited to the Bombay-Poona region. The Marathwada region is one of the least developed regions in the State and lacks necessary infrastructure. The export potential of this region, in the short run, can be considered mainly in respect of its traditional items, namely 'Himroo' shawls, bidriware and agate stone products. In regard to exports of the first two items, MSSIDC will have to undertake adequate promotional measures. As regards agate stone products, the Directorate of Industries may have to organise a training centre in Aurangabad to train artisans in the manufacture of these. The State Government may consider constituting a separate panel for Marathwada or also a separate regional office at Aurangabad of the proposed Directorate of Export Promotion, to devote concerted attention to the problems of the region.

(Paras 3.49 to 3.61)

The lag in terms of strategic and basic infrastructure like power, water supply, transport and road development has resulted in industrialisation taking little roots in Vidarbha region. The region's main exports comprise textiles, manganese ore, bidis, chillies, forest products and oilcakes. Being situated away from the sea port, it faces some special difficulties such as non-availability of suitable railway wagons in time, lack of adequate preshipment inspection facilities, lack of adequate warehousing facilities in Bombay and paucity of market intelligence. It is suggested that for examining the problems of the region, the State Government may consider constituting a separate panel as also a regional office of the proposed Directorate of Export Promotion.

(Paras 3.62 to 3.74)

Konkan also lacks basic infrastructure, raw materials and industrial experience. Currently, the main items of export from this region consist of marine products and fresh and preserved fruits. There is scope for exports of cashew products, coir and coir products from this region. As in the case of Marathwada and Vidarbha, the State Government may consider constituting a separate panel and also setting up a regional office of the proposed Directorate of Export Promotion.

(Paras 3.75 to 3.79)

IV. State Government Policies

One of the major hurdles in the way of exports is the non-availability of raw materials of standard quality in requisite quantity (including normal wastage) and at competitive prices for export production. The industry in Maharashtra suggested the setting up of a Raw Materials

Bank for this purpose. According to the Import Policy for 1970-71, it is understood that an Industrial Raw Materials Assistance Centre (IRMAC) would be set up by the STC. As and when such a Centre is set up, the MSSIDC can be charged with the agency functions for Maharashtra.

(Paras 3.80 to 3.85)

There is a need for an industrial design centre in Bombay for creating sufficient consciousness among the industrial units about the importance of industrial designs, both in the domestic and in the export markets. The State Government should encourage the setting up of such industrial design centres. Specific financial provision to this effect should also be made in the export promotion plan of the State Government.

(Paras 3.87 to 3.89)

The State Government may have to strengthen adequately the training facilities in some specific fields, such as rubber manufactures, paints, instruments, etc.

(Para 3.90)

The training and translation facilities in foreign languages are not adequate in Bombay. The proposed Directorate of Export Promotion in consultation with AEMO, IIFT, Bombay University and leading chambers of commerce in Bombay, may take initiative in providing these facilities to the exporters in the State.

(Paras 3.91 & 3.92)

There is a need for a commercial library and information centre in Bombay. The State Government may make arrangements to set up these in "Vishveshwaraya Centre".

(Paras 3.93 & 3.94)

The State Government may examine the power supply rates fixed by the State Electricity Board with a view to exploring the possibilities of abolition of electricity duty and also providing power at concessional rates for those export industries in the State, which are heavy consumers of power.

(Paras 3.95 & 3.96)

The State Government may examine the feasibility of supplying essential forest products to wood based industries in the State at concessional rates for export production.

(Para 3.97)

4. Port and Shipping Facilities

I. Port Facilities

The port of Bombay is truly the "Gateway of India". Its main docks are the Sassoon Docks, the Prince's Docks, the Alexandra Docks and the Ballard Pier. The traffic at the port has increased from 6.5 million tonnes in 1945-46 to 16.41 million tonnes in 1968-69 and is likely to increase further to 21.24 million tonnes by 1975-76 and 31.92 million tonnes by 1985-86. The port authorities have undertaken schemes of dock expansion and extension of the Ballard Pier and have also decided to rationalise handling of the traffic at different docks in the harbour. The proposed satellite port at Nhava-sheva will provide additional facilities for berthing of ships, dry docks and repair berths.

(Paras 4.1 to 4.6)

The present facilities at the port are sufficient only to meet the normal needs of shipping. The changes in the technology of marine transportation and the pattern of traffic however require creation of specialised facilities and rationalisation of handling techniques.

(Para 4.7)

Transit sheds have been provided by the BPF in all the wet docks, sheds outside the docks and storage facilities for ores, sugar, oilcakes and oilseeds, cotton, grains, liquid cargoes, fresh fruits, liquid chemicals, iron and steel and crushed bones. Besides there are several large warehouses and godowns in the vicinity of the docks available on rent.

(Paras 4.10 to 4.13)

Bombay port handles the maximum import traffic in the country and in the quantum of exports, it is next only to Mangalore. Major items cleared at the port are crude oil, petrol and other mineral oils, machinery, fertilisers and food grains. On the export side, though the pattern has changed over years, its impact on total tonnage is not significant. Traffic with other coastal ports alone accounts for 56 per cent of the total out of which petrol and other mineral oils have a pride of place. Regionwise, USA makes the largest contribution on the import side; on the export side traffic is more diversified.

(Para 4.15)

Problems of the Bombay port are India's problems and not only of Maharashtra. The congestion at the port results from (i) seasonal monsoon conditions (ii) inadequate berths (iii) deficiency in port operations (iv) strikes (v) delays in shipments and (vi) delay in the lifting of goods by importers including Govt. Departments.

(Para 4.16)

On account of heavy imports, the exporters find it difficult to reserve berths for exports although three berths have been allotted for exports through cargo-cum-passenger services. This affects exports badly. Pending construction of additional berths, some berths have been used for handling of cargoes by lighters. It is suggested that berths may be allotted to trade routes like the UK/Continent.

(Paras 4.17 & 4.18)

Although the incentive scheme for cargo handling by the dock labour has improved the labour efficiency, there is still scope for reducing unproductive time. Also, greater care in handling of cargo and security measures especially for eliminating pilferage of consumer goods is necessary. Shed management can also be improved by systematic training to the supervisory staff, in shed management.

(Paras 4.19 to 4.21)

In docks, there is a considerable scope for not only improving the existing mechanical equipment but also for further mechanisation of port operations, especially in the operation of cranes, fork lifts, mechanical elevators (for bananas) etc.

(Para 4.22)

Containerisation of cargoes is one of the methods of reducing costs on port charges, stevedoring and freight charges. Unitisation and containerisation will benefit Maharashtra's exports of sugar, fruits, cotton manufactures etc. For facilitating the containerisation system, the State Government will have to arrange for quick movement of cargoes by road and the customs authorities will have to complete their formalities expeditiously.

(Paras 4.23 to 4.25)

For quick movement of cargoes to the port, clearance at the octroi barrier and the customs within minimum time is necessary.

(Paras 4.26 & 4.27)

For giving place to vessels loading export cargoes, import traffic in foodgrains and fertilisers should be properly phased and arrangements should be made for lifting of cargoes from the docks more quickly.

(Para 4.28)

Although rationalisation and simplification of wharfage rates have no doubt benefitted the trade, it has resulted in increase in the rates for certain items. The Port authorities may examine the possibility of reducing the wharfage in genuine cases where hardship is felt by the shippers.

(Paras 4.30 to 4.34)

For up-country shippers, provision of adequate number of wagons, and special containers for perishable products is necessary. The trade has suggested that the railway freight concession should be made available at the time of the despatch of goods on documentary proof that

the goods are meant for exports. Lastly, there is a need for a separate warehouse in Bombay to store the goods of up-country exporters pending their loading in the ship.

(Para 4.35)

II. Shipping Facilities

The main problems of shipping relate to non-availability of shipping space and high freight rates.

(Para 4.36)

There are about 50 Conference Rate Agreements in the export trade of India and about an equal number in the import trade. Nearly 60 lines operated from the Bombay port in 1968-69. Indian flags at present carry 40 per cent of our liner trade and 11 to 13 per cent of bulk liquid cargo.

(Paras 4.37 & 4.38)

Although sailings on the UK/Continent routes are satisfactory those to the mediterranean ports have been affected after the closure of the Suez Canal.

(Para 4.42)

Sailings to Manila and Jakarta are not available when required. In addition, transshipment charges at Singapore add to the freight.

(Para 4.44)

Exports to the Fiji Islands could be stepped up if adequate sailings from Bombay are available.

(Para 4.46)

As shipments of textiles to East African countries are decreasing, the question of economic load to these countries may pose a problem to the Indian Lines unless this decline is compensated adequately by exports of other items.

(Para 4.47)

There is a need to cover other ports besides the ports in the Persian Gulf Area by the new Conference Line which has started operating in the area from January, 1970.

(Para 4.49)

Sailings to the UAR have been limited due to the provisions of the Bilateral Trade Agreement between the two countries.

(Para 4.50)

Because of the paucity of economic loads there is no direct sailing from Bombay to Latin America.

(Para 4.51)

In trying to get space in the earliest possible vessels there was a tendency on the part of the shippers to over-book cargo space. Also, there was a tendency to give preference to big shippers and reluctance to accept small consignments. The Survey has suggested that, DG Shipping may take initiative in checking the practice of overbooking. The problem of small consignments could be solved by establishing an Indent House in Bombay preferably to the Western India Shippers' Association.

(Para 4.52 & 4.53)

The export finance scheme of the Reserve Bank of India is acclaimed as one of the best efforts devised by any central bank. Under its interest subsidy scheme, a bank advances to manufacturer-exporters packing credit at a concessional rate of 6 per cent per annum for a period not exceeding 180 days. The Reserve Bank provides refinance at the rate of $4\frac{1}{2}$ per cent in respect of packing credit on advances made by the bank to exporters of engineering and metallurgical products and 5 per cent in respect of those of other products.

(Para 5.7)

In the case of post-shipment finance, the exporter, after effecting shipment can arrange finance by his bank against export documents drawn on sight D/P basis or A terms upto 90 days sight or in special cases upto 180 days sight from the shipment date.

(Para 5.8)

In addition, the banks can make advances against reliable incentives at the concessional rate of 6 per cent

(Para 5.10)

Extension of time limit upto 3 to 5 years is granted in respect of certain engineering goods for which the fixed credit facilities are extended by the IDBI.

(Para 5.11)

manufactures, rubber and canvas footwear etc. Availing of packing credit was predominant in marine products, plastic and PVC cables, etc. In the case of post-shipment finance, discounting of bills against L/C was predominant in crushed bones, marine products, wood products, etc. Post-shipment finance both on the basis of discounting of bills against L/C and without L/C was prevalent in respect of processed fruits, cotton manufactures, leather footwear, etc. Post-shipment finance on the basis of discounting of bills without L/C was predominant in gems and jewellery and rubber products.

(Paras 5.12 & 5.13)

Total outstanding export finance provided by scheduled commercial banks at the end of May 1967 was of the order of Rs 250 crores. If the export target of Rs 1,900 crores for 1973-74 has to be achieved, export finance on a larger scale would be necessary.

(Para 5.15)

The surveyed units urged that export production would be facilitated if the quantum of packing credit is related to the cost of production and not merely to the value of export contract. While granting packing credit total export realisation including incentives from the Government should be taken into account. Not all the commercial banks were adopting this as a basis of export finance.

(Para 5.16)

Duration of packing credit should be extended to 9 to 12 months as a normal practice as the time taken in getting import licences, effecting actual imports is unduly long in India.

(Para 5.17)

Exporters feel that in spite of refinance by the Reserve Bank of India at $4\frac{1}{2}$ per cent, the commercial banks charge a minimum rate of 6 per cent on export finance for engineering and metallurgical products and deny the preferential treatment intended to be given to these industries. The exporters have urged that packing credit should be available at a concessional rate of $5\frac{1}{2}$ per cent for these categories of exports.

(Para 5.18)

It was felt that the rate of interest of 6 per cent for packing credit and post-shipment finance was rather high as compared to countries like Japan. The banks should be persuaded to charge lower rate of interest depending upon the nature of the risk involved.

(Para 5.20)

Commercial banks are not able to make advance against realisable incentives because of the uncertainty regarding the rates of incentives (e.g. duty drawbacks) or because of their inability to check the accuracy of the information given by the exporter on realisable amounts of incentives.

(Para 5.22)

Bank's face difficulties in granting export finance to small scale units not only on account of the problem of verification of goods but also due to unsatisfactory preparation of export documents by them. It is suggested that advantage may be taken of the free training facilities given by the Bank of Baroda in documentation.

(Para 5.23)

Some leading banks are willing to consider export financing at concessional rates for meeting clearing/forwarding and warehousing expenses to small scale units provided they form a group or set up their own clearing/forwarding agencies and warehouses. An agency like MSSIDC may be able to take advantage of this offer.

(Para 5.24)

As exporters from Maharashtra have undertaken turn-key jobs and participation in joint ventures in foreign countries through lending banks there is a need for an international agency to provide refinancing facilities to the lending banks.

(Para 5.25)

There is a need for greater publicity to packing credit facilities especially among the industrial centres situated away from Bombay-Poona region.

(Para 5.26)

Among the surveyed industries, those availing the ECGC facilities were plastic goods, electrical accessories and appliances including public address equipment, diesel engines, machine tools, textile manufactures, stainless steel utensils and hospital equipment and textile and chemical machinery.

(Para 5.29)

Among the suggestions for improving the ECGC facilities the important ones were: (i) ECGC should be prepared to cover only those destinations where the exporter is feeling greater risks (ii) its premium rates should be reduced (iii) insurance limits should be adequate and (iv) claims should be settled more expeditiously. Some of the suggestions, however, were based on inadequate knowledge about the functions of the ECGC.

(Para 5.30)

Greater publicity regarding the role of the TOCC, particularly in the interior of the State, may be undertaken with the help of the State Directorate of Industries.

(Para 5.31)

6. Export Pricing

Export pricing for non-traditional items becomes a complicated problem for a country like India especially because, firstly, she has to compete with advanced countries which have entrenched themselves in a number of markets and secondly, some countries are not aware of the wide range of products she can offer. In order to meet this situation, many times Indian goods have to be underpriced although in quality and performance, they may compare well with those supplied by the competitor.

(Paras 6.1 & 6.2)

Due to the pull of domestic demand, export pricing depends upon incentives which make sales in the overseas markets more remunerative than the domestic

Lack of information on c.i.f. prices as distinct from selling prices to the end user is one of the major handicaps felt by the exporters of non-traditional items.

(Para 6.8)

High overhead costs due to underutilisation of capacity is affecting the competitive capacity of the industries. The units which were less export conscious and were attracted more by higher domestic prices were adopting cost plus approach.

(Paras 6.9 & 6.10)

In a great majority of non-traditional items, units reported that they followed marginal cost method. In most cases, high prices of raw materials account for high variable cost. It was suggested that for competitive pricing, not only supply of raw materials at international prices was essential but a more broad-based production - not just production for exports - was necessary for achieving economies of scale.

(Paras 6.12 to 6.14)

As cash assistance is the most important calculable benefit, it serves to quote the f.o.b. price with exactitude. As cash assistance is related to variable cost, it should not be denied to an item merely because it is mostly based on indigenous raw materials.

(Para 6.15)

As export pricing is closely related to cash assistance, the EPCs may maintain cost data of export-oriented units on a regular basis, and in the light of these data, review cash assistance from time to time.

(Para 6.16)

The benefit of import replenishment is reflected in lower variable costs and export price. Where import replenishment is sold in open market, the manufacturer-exporter may enjoy a temporary benefit but may not be able to continue production for exports.

(Para 6.17)

In the case of sales on deferred payment, export pricing becomes more complicated because of the very low interest charged by the competitors.

(Para 6.18)

Delay in availing duty drawbacks, railway freight concessions and other incentives not only discourage exports but even affect export pricing.

(Para 6.19)

Port charges have influenced export pricing to some extent. Hence while fixing the port charges, export promotion aspect may be borne in mind and in genuine cases where hardship is felt, existing port charges may be reduced.

(Para 6.20)

High freight rates to certain destinations were reported to be a major hindrance to the exports of a number of non-traditional items. Already cost of production of these items is high and various types of incentives have been given to offset them. Wherever freight rates are high these have to be absorbed in the price.

(Para 6.21)

It is observed when minimum export price is fixed, competitors try to exploit it by lowering their prices. M.P. fixation is advisable only in cases where there is monopolistic hold on the market.

(Para 6.22)

In order to develop cost consciousness among the small scale units, an organisation like MSSIDC should conduct short-term courses in costing.

(Para 6.23)

There is a need for setting up an information system in Bombay which could maintain the various types of data needed for export pricing. This could be provided to the exporters "across the counter".

(Para 6.24)

7. Taxes and Levies

The levies of octroi and sales tax add considerably to the cost of production of various items produced in the State thereby affecting their competitiveness in overseas markets. The Committee, appointed by the State Board for Export Promotion, has already submitted an interim report on these levies. In addition, the State Board for Export Promotion and various Commodity Panels have also been devoting considerable attention to the problems of octroi and sales tax.

(Paras 7.1 to 7.4)

Octroi

The local bodies at various levels in Maharashtra are competent to levy octroi under the respective enactments governing them since 1964-65. The present total income from octroi in respect of all Municipal Corporations Municipalities, Zilla Parishads and Village Panchayats in the State is of the order of Rs 30 crores per annum. Octroi is applicable to innumerable items covering raw materials, essential components, machinery and parts required by industries.

(Paras 7.8 & 7.9)

Octroi causes considerable hardships to the exporters. The major difficulties in the levy of octroi are: (i) limitation of refund to 93 $\frac{3}{4}$ per cent; (ii) rigid conditions regarding refund; (iii) non-refund of the levy in respect of raw materials, components and parts entering the manufacture of finished articles and (iv) double or triple payment of octroi in certain cases.

(Para 7.10)

In regard to refund of octroi on finished products, which are exported, the Survey is of the view that the refund should be full and not to the extent of 93 $\frac{3}{4}$ per cent as is the practice now. As the amount retained by the Municipal Corporation of Bombay is not significant, it may find out alternate ways and means to recoup the loss. As the amount of octroi on raw materials, machinery and components, which are imported into Bombay and which go into the processing or manufacture of finished products for exports cannot be calculated precisely, the refund should be on an ad-hoc and rule of thumb basis.

(Paras 7.11 to 7.14)

Sales Tax

In regard to sales tax on finished goods exported to foreign countries, the Survey agrees with the Interim Report of the Wankhede Committee that the provision already existing in the Maharashtra Sales Tax Act viz., exemption on the sales prior to the sale in the course of export is adequate. Regarding incidence of sales tax borne on raw materials, components, etc. entering in manufacture, the Wankhede Committee is in full agreement with the Saraniya Committee, viz., grant of refund/rebate on readily ascertainable basis in the same proportion as the value/

quality of goods produced to those exported. There has been considerable delay in taking a decision on the implementation of the recommendations of Saraiya Committee by the Government of India. It is suggested that the Government of India may take an early decision on these recommendations.

(Paras 7.21 to 7.23)

Other Levies

The Survey is of the view that the rubber cess in the case of surgical and medical rubber products and handloom cess in the case of cotton fabrics should not be applicable for export production.

(Para 7.25)

8. Quality Control and Preshipment Inspection

India and Japan are the only countries where there are statutory quality control and preshipment inspection for exports. The Export (Quality Control and Inspection) Act, 1963, empowers the Government of India to notify commodities which shall be subject to compulsory quality control and inspection. This measure has benefited the export trade, which is evident from the decline in the number of complaints as well as the rise in unit value realisation.

(Paras 8.1 to 8.3)

Among the various bases of inspection, in-process quality control and buyers' requirements are important. The former is gaining importance in the case of food products and certain countries, such as the USA, are contemplating legislation in this regard. Wherever buyers' requirements form the basis of inspection, there is a need for both sampling and value analysis for eliminating personal factor involved during inspection.

(Para 8.4)

Due to diverse nature of exports and low income from inspection, quite a few agencies engaged in inspection are not satisfied with the inspection fees. Hence, the inspection rates which are approved by Export Inspection Council for such inspection need to be reviewed keeping in view the rigidity of the controls desired.

(Paras 8.5 to 8.7)

In the sampling plan adopted under statistical quality control the conditions prevailing at the manufacturers' works should be taken into account. Inspection should not be merely factual but should suggest ways and means of preventing the flaws in production. In order to inspire confidence in the importing agencies, the sampling plans and inspection methods should suit the particular contract. As in-process quality control will be encouraged in future, it would be necessary to establish more inspection agencies in different regions.

Suggestions regarding quality control and pre-shipment inspection for a few surveyed items, viz. process fruits and vegetables, Kolhapuri chappals, surgical rubber products and electrical accessories and appliances have been given in the respective commodity chapters.

(Paras 8.14 to 8.17)

9. Managerial Set-Up for Export Promotion

The Survey revealed that a well developed export marketing division with offices abroad has been set up only in a very few units. These are mostly large scale units, having an export turnover of Rs 1 crore per annum. The units having an export turnover of Rs 50 lakhs to Rs 1 crore are gradually strengthening the marketing set up in their organisations. In small units, the domestic marketing divisions handle exports also.

(Paras 9.1 to 9.10)

In the context of increased exports visualised during the Fourth Plan period, the managerial set up for export marketing should take care of vital activities such as collection of commercial intelligence, import policies and licencing procedures in foreign countries, export assistance schemes, tariff and trade regulations, etc. The type of managerial set up for export promotion, which may be desirable for different levels of export turnover has been indicated in Annexures 9a and 9b.

(Para 9.11)

There is need for training for those engaged in export marketing. The State Government should arrange training courses for executives, particularly from small scale sector, in consultation with various organisations such as IIFT, SISI, leading commercial banks, etc. The managerial talent which is well developed in the large scale sector in the State, could also be pooled for this purpose.

(Paras 9.12 & 9.13)

10. Export Houses

The scheme of export houses was first mooted in India in 1950 for promoting exports particularly of non-traditional items. The scheme formulated in the earlier stages had laid down strict conditions regarding their share capital, setting aside net profits as reserves and performance of export contracts etc., but was made more liberal when it was subsequently revised. Under the present scheme export houses are eligible for blanket release of foreign exchange for business travels, etc., grant-in-aid for product development, market surveys, publicity, direct communication with Government of India's trade representatives abroad and other Government agencies and preference for places in training programmes in India and abroad and in trade delegations going abroad.

Export houses are exporting a wide range of traditional and non-traditional items. Among the latter, ready-made garments and engineering goods are the most important items. Market-wise, they cover South East Asia, U.K., North America and Africa. South America has remained untapped and Japan and West Europe have not been covered adequately.

(Para 10.11)

Classified according to the volume of export business 2 houses had an export turnover exceeding Rs 5 crores, 1 between Rs 1 crore and Rs 5 crores, 6 houses, between Rs 50 lakhs and Rs 1 crore and 7 houses, between Rs 25 lakhs and Rs 50 lakhs and 1, with a turnover of less than Rs 25 lakhs per annum. The large export houses mainly deal in ready-made garments and engineering goods.

(Paras 10.12 & 10.13)

Merchant export houses mostly undertake exports on behalf of manufacturers on commission basis. Rarely they purchase goods in anticipation of export orders. Besides supplying market information and booking orders, practically no assistance is given by them to manufacturers. Only one export house supplies raw materials, production finance and machinery on hire-purchase terms to small units as a part of its overall activities.

(Paras 10.14 & 10.15)

Export houses in Maharashtra have yet to play the role of providing economic overheads service to small scale producers. It may be desirable to evolve methods by which it may be obligatory on the part of the export houses to export products of third parties upto a minimum value.

(Para 10.16)

Export houses exporting diverse commodities are at present required to register themselves with different Export Promotion Councils which increases their expenditure on registration. Such export houses may be permitted to register themselves with a few Export Promotion Councils only, depending upon the commodity exported.

(Para 10.17 (i))

When the export documents are in the name of the export house, the manufacturer may be allowed to claim incentives without registering himself with the concerned Export Promotion Council.

(Para 10.17 (ii))

In order to enable them to export diverse products and from different manufacturers, export houses may be permitted to apply for cash assistance and import licence once in a month and also split up their applications manufacturer-wise.

(Para 10.17 (iii))

It is suggested that as some partnership firms have good record of exports, partnership firms may not be excluded from recognition as export houses.

(Para 10.18)

11. Export Potential of Industrial Estates in Maharashtra

On the basis of ownership or management, industrial estates can be classified as private, cooperative, municipal and Governmental. Similarly, based on activities, they can be classified as ordinary, functional, ancillary, work shed etc. About 330 industrial estates have been completed in India by 1967-68. In Maharashtra, 10 industrial estates

taken up in the Second Plan period have started functioning. Out of 59 industrial estates planned in the Third Plan, only 31 estates have been established and in the case of the remaining 28, some preliminary work is being carried out. Out of the 59 estates, 52 estates would be on cooperative basis, 6 by Government (including 3 functional) and one by the Bombay Municipal Corporation.

(Paras 11.2 to 11.7)

Problems relating to raw materials, machinery, testing facility and other general problems of production and exports faced by units in the industrial estates are not different from the problems faced by units situated outside the estates. Being small scale units, they generally face all the problems which are peculiar to the small scale sector.

(Para 11.10)

The Thana Industrial Estate is producing items like engineering goods, chemicals, textiles, readymade garments etc. which are actually exported or have good export potential. Exports from the Estate are of the order of Rs 1 crore per annum.

(Para 11.11)

Functioning of the Estate is very much handicapped by inadequate roads. The problem has remained unsolved due to lack of coordination between the three authorities involved, viz MIDC, Thana Municipal Council and the Zilla Parishad. For the labourers working in the Estate, State Transport buses plying between the Railway station and the Industrial Estate, medical facilities, street lighting,

security and fire brigade are absolutely essential. For adequate railway transport facilities, construction work for dealing with more wagons and platforms for suburban trains at the Thana Railway Station should be completed expeditiously. In the Thana-Belapur area, traffic facilities as well as arrangements for the discharge of effluents are necessary. As insufficient power and water supply and frequent breakdowns in power supply affect the operational costs in the industry, these problems should be solved expeditiously.

(Paras 11.12 to 11.23)

The time taken in collection of octroi and its incidence on raw materials is acting as an irritant.

(Paras 11.13 & 11.14)

The Kandivali Industrial Estate is producing a variety of products like engineering goods, textiles and pharmaceuticals and its exports are around Rs 40 lakhs per annum.

(Para 11.24)

In this place also the basic amenities like good roads, drainage, post-office and medical facilities are lacking. Inadequate water supply is affecting production in some export oriented industries like garments and cement tiles.

(Paras 11.25 to 11.27)

Industrial estates covered during the Survey viz. Nashik, Vite, Latur, Hingoli, Nagpur, Amravati, Madharsar, Sholapur and Aurangabad have little export potential at present as they are still in developing stage. They also suffer from inadequate infra-structure namely, water, transport, etc.

(Paras 11.29 to 11.34)

Functional estates studied during the Survey viz. Nagpur for light engineering products, Dombivli for automobile ancillaries, and Bhosari for electronics have not progressed satisfactorily. The first two estates have actually been defunctionalised and are no longer reserved for the industry for which they were established. The main reason for the failure of these two estates is that there are virtually no large scale engineering industries which can buy components and spare parts from these estates nor the units of these estates are receiving substantial orders from outside.

(Paras 11.35 to 11.38)

It appears that the State Government is determined to use the Bhosari industrial estate for which it is meant. However, this estate is also handicapped by lack of infra-structure facilities such as transport, water, etc.

(Paras 11.39 to 11.43)

Apart from the basic infra-structure facilities majority of the units in the industrial estates are facing problems which are peculiar to the small scale sector, mainly shortage of raw materials and their high prices. Requirements in small quantity is their additional handicap. As their requirements are supplied through one more marketing channel namely MSSIDC they have to pay additional charges. The establishment of a raw material bank suggested in the Report may be able to solve some of their problems.

(Paras 11.44 to 11.48)

In regard to machinery and components the units have suggested that the National Small Industries Corporation should bring down its charges to make its hire-purchase scheme for the procurement of imported and indigenous machinery more attractive to the small scale units.

(Para 11.49)

The units in the estates being mostly proprietary or partnership concerns do not have access to the capital market nor do they have enough tangible fixed assets required by the banks and other financial institutions for making advances. Considering their special problems the State Directorate of Industries may evolve a scheme of liberal credit to these units.

(Para 11.50)

The general problems like lack of export information and difficulties in availing export assistance are also faced by units in the industrial estates. On account of their small requirements, they are unable to make use of the EASI scheme of STC. In order to get the benefit of the scheme, it is suggested that the interest charged by the Scheme may be brought on par with that charged on the participation credit of commercial banks. These units require assistance in the form of concessional rates for participation in trade fairs and exhibitions, training in export marketing, and representation in trade delegations.

(Para 11.52 to 11.56)

As the industrial estates in Maharashtra were neither established with a view to promoting exports nor many export oriented units were attracted to the industrial estates their export performance at present is insignificant

The present exports, small as they are, on account of efforts of individuals and have nothing much to do with industrial estates as such.

(Para 11.57)

For promoting exports efforts may be concentrated on well developed industrial estates like Kandivali, Poona, Nagpur and Kolhapur where entrepreneurs are interested in exports. Besides solving the infrastructure problems, the State Government should open export promotion cells in selected industrial estates which should help the units in undertaking exports. The possibility of establishing a special industrial estate in Bombay for export worthy commodities may also be considered. Unless the estates are established with the specific objective of promoting exports, the role of industrial estates in promoting exports from the State may not be significant.

(Para 11.58)

VOLUME II

ENGINEERING PRODUCTS

1. Engineering Industry in Maharashtra

There are nearly 869 manufacturers of engineering products in Maharashtra with productive capital of Rs 329 crores and production valued at Rs 493 crores. As compared to other states Maharashtra shows highest capital productivity and capital labour ratio in the engineering industry. The industry in the State exports approximately 5 per cent of its total production. Exports of engineering items, including primary steel from Maharashtra were estimated at Rs 30 crores (exports of primary steel items being Rs 5 crores approximately) during 1968-69. The share of engineering products in the export trade of Maharashtra was 14.55 per cent in 1968-69 as compared to 11.3 per cent for India. Maharashtra accounts for roughly 29 per cent of India's exports of engineering goods (excluding primary steel items). The main items exported from the State are railway wagons, steel castings, pipes and tubes, diesel engines, bicycles and spares etc.

(Paras 1.1 to 1.10)

Although the industry has made commendable progress in production and exports, the supplies of raw materials such as ferrous and non-ferrous metals are not adequate. The ferrous metals include pig iron, special steel, stainless steel, high carbon electrical steel, etc. At present indigenous production not being enough to meet the internal demand supplies of steel are rationed

and this pattern of distribution has given rise to various problems such as high prices in open market, late deliveries, difficulties in maintaining production planning, etc. The problem regarding availability of iron and steel is further acute in the case of small scale units. In respect of non-ferrous metals, shortages are felt in respect of lead, zinc, copper and alloys like brass. The industry has urged that all the raw materials should be made available at international prices for export production.

(Paras 1.10 to 1.13)

It was observed that the extent of utilisation of installed capacity in Maharashtra is higher than that for India as a whole. The capacity utilisation in the engineering units in the State is normally around 40 to 60 per cent, although in industries like diesel engines and electrical lamps it is much higher and it is much lower in the case of textile machinery, stainless steel manufactures, etc.

(Para 1.14)

The Survey indicated that there was need for expansion of capacity in the case of electrical lamps and tubes and electric furnaces for expansion of exports directly and indirectly.

(Para 1.15)

It was felt that import of technical know-how or even foreign collaboration may be helpful in exports in the case of transformers, switch gears, diesel engines, machine tools, scientific instruments, chemical equipments, etc.

(Para 1.16)

A few industries viz. instruments and electronic products are facing shortages of skilled labour, and it is necessary not only to revise the curriculum at certificate or diploma level but certain courses at the lower or middle level should also be introduced. There is a need for supply of power at concessional rates for export production for electricity consuming industries particularly the steel casting industry.

(Para 1.17)

The Survey revealed that the small scale units required more market intelligence from organisations like EEPC. Also transmission of tender information to potential exporters within minimum time was essential in respect of tender items.

(Para 1.20)

Stricter preshipment and quality control inspection is necessary in the case of exports from the small scale sector. Cooperation between the small and large manufacturers in exports of a few products would also help in not only maintaining the quality but also prices at reasonable level.

(Para 1.21)

The industry has suggested that Indian Institute of Packaging and the State Government should organise periodical displays on various methods of packing and packaging for exports.

(Para 1.23)

Export Prospects

Maharashtra has several advantages in exports of engineering goods and there are bright export prospects for a number of products manufactured in the State, viz.

textile machinery, diesel engines, auto parts, steel castings, electrical accessories, small tools, etc. The industries which are coming up recently such as electronic equipment and components also hold out good prospects for export. Implementation of the suggestions made for various products in the Survey, would enable Maharashtra to achieve an export target of Rs 75 crores by 1973-74.

(Para 1.24)

2. Textile Machinery and Knitting Machinery

Production and Exports

India is the second largest producer of textile machinery in the world. She is the only country where units have been set up to manufacture textile machinery exclusively. Out of 275 manufacturers in the country, 120 units are situated in Maharashtra. The production of textile machinery in India during 1968 was of the order of Rs 17.43 crores, of which Rs 8.0 crores were from Maharashtra State. The all-India exports of textile machinery, accessories and stores during 1968-69 amounted to Rs 1.42 crores of which Maharashtra's share was Rs 85 lakhs. The export of textile machinery alone from the country was worth Rs 1.0 crore nearly, during 1968, main export markets being Kenya, UAR, Poland, Ethiopia, etc.

(Paras 2.2 to 2.7)

Problems of Production and Export

The industry is experiencing shortage of stainless steel and the indigenous capacity is inadequate to

meet the industry's demand. Even the 50 per cent of their needs compulsarily to be procured from the public sector units, are not being supplied. The TMA is actively pursuing the matter with HSL. The needle roller bearings are banned from import though the indigenous unit licensed to manufacture this has not gone into production.

(Paras 2.8 & 2.9)

The production of textile machinery is seriously affected due to delays in issuance of import licences particularly for items like stainless steel tubes and it is the experience of the industry that quick decisions are seldom made for enhancement or otherwise, of the value of import licences in case there are price variations at the suppliers' end. In addition to this, sudden import bans are also imposed on items which are required for approved manufacturing programmes.

(Paras 2.10 to 2.12)

In spite of certain concessions made available to the industry, the Customs authorities do not recognise the difference between components and spares for textile machinery, with the result that components are charged higher rates of customs duty applicable to spares. The TMA has already taken up the issue with the Ministry of Finance.

(Para 2.13)

With the high incidence of taxes which increases the cost of production of textile machinery and having to offer these to export markets on long term deferred payments at low rates of interest, the existing rate of

cash assistance was felt to be inadequate to cover the net loss incurred by the industry on exports.

(Para 2.15)

The surveyed units indicated that some East European countries do not lift goods within the period stipulated in the trade agreements. This results in piling of stocks and affects cost of production. The Ministry of Foreign Trade may investigate the causes of such delays and take up with the Governments of the respective countries.

(Para 2.17)

The industry is facing stiff competition from countries like Japan, Poland and G.D.R., as these countries offer very liberal terms of credit with low rates of interest ($2\frac{1}{2}$ per cent) and deferred payment periods upto 10 years. The manufacturers in India have to secure Reserve Bank's permission to extend the period of deferred payment in many cases. This delays finalisation of contracts or even leads to loss of contracts which could be avoided if the Government issues clear instructions for minimum and maximum rates of interest to be fixed on various periods of deferred payments.

(Para 2.18)

Export Prospects

The TMMA, acting as a sort of consortium, has secured substantial export orders and proposals are afoot for sending study teams abroad. There are excellent prospects in the African and European countries and it is expected that the exports from Maharashtra will reach Rs 1.50 crores by 1973-74 as against the

present level of Rs 85 lakhs.

(Para 2.20)

3. Chemical Machinery and Equipment

Production and Exports

The installed capacity for chemical and pharmaceutical machinery in the country during 1968 was Rs 12.40 crores and production, Rs 11 crores. The installed capacity for the production of chemical equipment in Maharashtra was indicated to be around Rs 6.0 crores per annum. The production in the State was indicated at Rs 2.5 crores and the utilisation of capacity, around 40 per cent.

(Paras 3.2 & 3.3)

The exports of chemical machinery and equipment from the country during 1968-69 was Rs 81,000 of which the exports from Maharashtra amounted to Rs 20,000. The role of the industry so far has been mainly in import substitution. Owing to increasing requirements, imports are still continued on a large scale.

(Para 3.4)

Problems of Production and Export

Though classified as a 'Priority' industry, the quantity of steel made available from indigenous sources, is reported to be inadequate. The manufacturers of chemical equipments supplying to public sector units are reported to be receiving regular supplies from Government stocks, as compared to the suppliers to the

private sector units. The surveyed units felt that as there is an all out effort to eliminate imports of chemical equipment, the raw material allocation should be on a more practical basis. It was reported that it is difficult to obtain the required grades and quantities of stainless steel from the Durgapur Steel Plant although the stipulation is that 50 per cent of the requirements of any manufacturer is to be ordered from this plant, In the case of imports, sufficient flexibility is not allowed for converting the import licence from one grade to another.

(Paras 3.5 to 3.7)

In spite of the fact that some of the gaps in the indigenous and imported designs have been identified by the Chemical Plant and Machinery Manufacturers' Association of India, the design engineers in the country are not able to plug the gap in time to suit the chemical equipment manufacturers. As the industry is said to be experiencing lack of skilled labour, it was suggested that the type of training offered by the various technical institutions should include a high standard of sheet metal work and allied techniques as needed by this industry. The GPMMAI should take up the question of designing the technology courses with the Government of India and the State Government.

(Paras 3.9 & 3.10)

Export Prospects

The export prospects for chemical equipment could be brighter if turn-key jobs for plants like soap-plants, vanaspati plants, ^{and} sugar plants are

undertaken. A possible solution to plug the gaps in design and production could be to pool the technical know-how available with various chemical plant manufacturers in the country. Though it is difficult to estimate the export potential of this item at this stage, the Survey indicated that a real beginning in the exports of chemical equipment could be made by forming a consortium of chemical equipment manufacturers. It is learnt that CPITMAI has already taken up the matter with its members and the Government.

(Para 3.11)

4. Machine Tools

Production and Exports

There are 70 manufacturers of machine tools in the organised sector - 4 of them in public sector - and over 1000 small scale units spread all over the country. In Maharashtra there are 7 units in the organised sector and a number of others producing furnaces, injection moulding machines, etc. The installed capacity for the production of machine tools in the country during 1968 was around Rs 50 crores and the estimated all-India production, about Rs 19 crores. The estimated production of machine tools in Maharashtra is nearly Rs 3 crores and had shown declining trend due to recession, power cut, and shortage of raw materials. The exports of machine tools and accessories during 1968-69 from India and Maharashtra were Rs 1.33 crores and Rs 42.7 lakhs respectively.

(Para 4.1 to 4.3)

Problems of Production and Export

There is a large under-utilisation of capacity in the machine tool industry. The major problems are shortage of raw materials as far as the small scale industries are concerned and for the large scale industries, the poor quality of pig iron and non-availability of various required sizes of special steels. The indigenous supplies of pig iron contain excessive sulphur and the indigenous coke possess higher ash content which seriously affect the end product. The other factors include poor workmanship at the machinery and assembly stages. The Survey revealed that the Government is already seized of the problems and steps are being taken to give relief to the industry. The small scale industries manufacturing machine tools in Maharashtra face acute shortage of skilled labour due to difference in wage structures between the small scale and organised sectors. Also the ITI trained candidates seldom come up to the expectations of the scientific production procedures needed by the small scale industry. As IMTMA could play a useful role here, it is suggested that they may associate themselves with the State Department of Technical Education in preparing appropriate training schemes needed by the machine tool industry. The Survey revealed that the technical knowledge of various types of heat treatment is generally inadequate with the result that correct hardness needed for a particular machine tool is not obtained. In this sphere also IMTMA may give technical guidance to the small scale units to ensure "in-process quality control"

(Paras 4.13 to 4.18)

Though the rates of export incentives are normally adequate for the purposes they are granted, the contention of the industry was that these benefits were taken away due to high freight rates. The industry also complained of inadequate storage facilities and poor handling at the Bombay Port. As for the high freight rates, it is recommended that the 'Western India Shippers' Association should examine the contention of the machine tool industry and secure freight concessions for them. The export markets could not fully be exploited by the industry as it is said to be difficult to get good overseas distributors and the initial costs of export marketing are very high. The IMTMA felt that given liberal help from the MDF, the machine tool industry can make an impact in the international market. The small scale machine tool manufactures felt lack of facilities for exhibiting their products through a permanent showroom. With the participation of the industry in the proposed Visweshworayya Centre at Bombay, the IMTMA could take measures to popularise Indian machine tools.

(Paras 4.19 to 4.25)

Export Prospects

Though India's share in the world trade for machine tools is insignificant, the past performance has indicated bright prospects. The EETC has fixed an export target of ₹ 7.5 crores for machine tools by 1973-74. The exports from Maharashtra are expected to reach ₹ 1.5 crores by that period as against the present exports of ₹ 42 lakhs.

(Para 4.26)

5. Small Tools and Hand Tools

Production and Exports

The production of small tools and hand tools in the organised sector in the country during 1968 was of the order of Rs 24 crores of which 30 per cent was in Maharashtra. Capacity utilisation in surveyed units was 65 per cent on an average owing to lack of special machinery and skilled labour and shortage of high carbon and alloy tool steel. Of the total all-India exports of Rs 2.05 crores of small tools and hand tools, the exports from the State amounted to Rs 68 lakhs in 1968. Main markets are czechoslovakia, USSR, USA, Philippines etc.

(Paras 5.1 to 5.6)

Problems of Production and Export

The industry is experiencing shortage of high carbon steel, with 40 to 60 per cent only of their demand being met at present. The quality of the hand forged items render the tools like hammers, smithy tools, carpenters' tools, etc non-export worthy and the small scale units, who mostly manufacture these items cannot afford drop forging capacity. In India drop forging capacity is also low and more private sector units are reluctant to enter into this field owing to low returns and technological difficulties. The State Directorate of Industries should therefore persuade the Government of India to set up drop forging facilities in public sector in Maharashtra.

(Paras 5.7 & 5.8)

Cash assistance of 10 per cent on exports is felt to be inadequate. Cost data given in support of higher cash assistance by one unit is examined in the Confidential Report of the Survey

(Para 5.9)

In order to permit flexibility in production pattern, the industry has asked for a uniform rate of import replenishment (say 50 per cent) instead of different rates varying from 25 to 75 per cent as at present

(Para 5.10)

As the demand for hand tools and small tools is linked with that for machine tools, Machine Tools Manufacturer's Association should help the hand tools manufacturers in stocking their items abroad.

(Para 5.11)

Export Prospects

As against the all-India export target of Rs 3 crores for 1973-74, the exports of Maharashtra will be of the order of Rs 1 crore as against the present level of Rs 68 lakhs.

(Para 5.12)

6. Industrial Diamond Tools

Production and Exports

The production of industrial diamond tools in Maharashtra is estimated to be around Rs 1.9 crores out of the estimated total production in the country of Rs 2.40 crores. This item is not mentioned separately in the trade statistics of the DCIAS. The Survey

Export Prospects

With the development of mining and oil industries in various countries, the diamond tool bits in particular have huge potential in the export markets. The industry in Maharashtra is confident of earning foreign exchange to the tune of Rs 40 lakhs by 1973-74 from the present level of Rs 29.4 lakhs if necessary assistance is extended to the industry.

(Para 6.8)

7. Cast Iron and Steel Castings

Production and Exports

The installed capacities of cast iron and steel casting during 1968 were respectively 9 lakh tonnes and 1.3 lakh tonnes and the production, 3.2 lakh tonnes and 47,000 tonnes respectively. In Maharashtra installed capacity is 2.5 lakh tonnes in respect of iron castings and 40,000 tonnes in respect of steel castings as against which estimated production was 1.3 lakh tonnes and 20,000 tonnes respectively. During 1968-69 cast iron castings worth Rs 172.61 lakhs and steel castings worth Rs 10 lakhs were exported from India of which the share of Maharashtra was Rs 10 lakhs approximately. It is understood that indirect exports of steel castings were worth more than Rs 3.0 crores.

(Paras 7.1 to 7.11)

Problems of Production and Export

The basic problem of the industry in the State relates to foundry grade pig iron, which apart from being in short supply, is not available to the foundries

at international price. With the proposed enhancement in the production of pig iron by Hindustan Steel Ltd., the supply position is expected to improve. The steel castings foundries are finding it difficult to procure steel scrap, which is allowed to be exported on restricted basis. The exports of re-rollable scrap are banned, but the situation is exploited by scrap exporters as the term 're-rollable' is vague and exports of these continue as exports of ordinary scrap. The Ministry of Foreign Trade may clarify in clear terms the specifications, etc., of the re-rollable scrap banned for exports.

(Para 7.13)

The only unit in the country for the manufacture of graphite electrodes is not able to meet the entire demand of the industry, besides selling this at a very high price compared to the landed cost of imported graphite electrodes from Japan

(Para 7.14)

The general shortage of steel in the country has led to installation of many re-rolling units which use the steel scrap as raw material. This has considerably increased the demand for electric furnaces and the only unit in Bombay is not able to meet the industry's demand. Small scale industries coming up in other states will also need electric furnaces. The DGTD may therefore ensure increase ⁱⁿ the indigenous capacity for the furnaces after assessing the requirements of the industry, while the Ministry of Foreign Trade may permit the import of electric furnaces during the interim period.

(Para 7.15)

The concessional rates of electricity are available for the production of steel ingots which are termed as electro-metallurgical products, whereas the steel castings produced out of the steel ingots are not eligible for the concession. The units, which produce both, are the main sufferers. The State Government should consider this matter and remove this anomaly, at least for these units who make ingots and steel castings in one plant.

(Para 7.17)

The industry has not been able to export to countries like Libya on account of high ocean freights. The industry is also handicapped for want of technical information. Some of the orders were actually lost as the units in India could not know in advance the minimum quality requirements.

(Paras 7.21 & 7.22)

Export Prospects

The exports of cast iron and steel castings from India, are already bright with the existing overseas demand for C.I. pipes, drain covers, wagons etc. With the removal of bottlenecks it is estimated that exports from Maharashtra will reach a level of 350 lakhs (direct exports) by 1973-74.

(Para 7.23)

8. Agricultural Implements and Machinery

Production and Exports

The agricultural pump industry is the most advanced in India and Maharashtra. The capacity utilisation is 94 per cent in India and 100 per cent in Maharashtra. During 1968, out of the total production of 3.3 lakh nos. of pumps

in India, nearly 70,000 were made in Maharashtra. Of the total production of sprayers and dusters in India amounting to Rs 95 lakhs during 1968-69, the production in Maharashtra amounted to Rs 120 lakhs. Nearly 4750 tractors were also produced in the State out of an estimated 14200 tractors in India, during 1968-69. The total exports of agricultural implements and machinery from India during 1968-69 were of the order of Rs 145 lakhs, of which the exports from the State amounted to Rs 30 lakhs.

(Paras 8.2 to 8.12)

Problems of Production and Export

Among the problems faced by the tractor industry, the shortage of good quality steel and other non-ferrous items is the major one. The industry is said to be particularly handicapped over the short supply of EN-42 variety steel, which is largely needed for the manufacture of agricultural implements. Though the tractors manufactured in Maharashtra are exportworthy, the export could not be effected due to huge internal demand. The agricultural pump industry is facing an acute shortage of pig iron and specific grades of mild steel. It is learnt that steps are being taken to import some mild steel to give relief to the industry. Sufficient quantities of seamless pipes of less than 200 mm dia. are not available. The Indian Pump Manufacturers' Association may take up this matter with the seamless tube manufacturers. The small units manufacturing pumps have been experiencing considerable difficulties over quality control due to lack of facilities for which the State Directorate of Industries could organise common testing centres. There is a shortage of brass in the sprayers

and dusters manufacturing industry. The DGTD should assess the requirements of this industry, particularly of brass, and take up the issue with the Ministry of Foreign Trade for allowing the supplies of bulk imported brass to this industry through ICIC.

(Paras 8.13 to 8.17)

According to an earlier survey conducted by the IIFT, the agricultural machinery and implements industry in India could contribute more to the export market, if up-to-date information of the agricultural practices in other countries is made available to them. A study in this regard could be undertaken by EERC in consultation with the industry and also prepare a directory containing details of all agricultural machinery and implements manufactured in India for circulation in overseas countries. The IIFT survey report had also suggested that effective demonstration of agricultural machinery in prospective overseas markets will help considerably to increase exports. Another suggestion was, that, apart from exchanging the visits of progressive agriculturists, sample display of various agricultural implements and machinery should be arranged. The initiative in this regard could be taken by EERC.

(Paras 8.18 to 8.21)

Export Prospects

The export prospects of power driven pumps, sprayers and dusters, and other processing equipment are bright and could be further improved by implementing the suggestions made above. As interest is also being shown in items like rubber cane crushers and sickles. It is expected that the exports from Maharashtra could be of the order of Rs 1.0 crore in 1973-74.

(Para 8.26)

9. Diesel Engines

Production and Exports

Due to licensing of the diesel engine industry, besides the organised sector there has been a considerable development in the ^{un-}organised sector as well. There are 700 units in the country of which 22 units are in the organised sector. Total installed capacity in the organised sector in 1968 was 62,300 numbers. Taking both the sectors together, the all-India production of diesel engines was estimated at 360,000 engines during 1968-69. There are 39 units manufacturing diesel engines in Maharashtra. Maharashtra accounts for about 65 per cent of the total production in the organised sector as the leading units are located in this State. As regards exports, nearly 80 per cent of the total exports of diesel engines from India are from Maharashtra. During 1968-69, the exports of diesel engines from India and Maharashtra were Rs 2.06 crores and Rs 1.61 crores respectively.

(Paras 9.3 to 9.5)

Problems of Production and Export

The large scale units, whose requirements of pig iron are more than a full wagon load at a time, find it convenient to secure timely and direct allocations from Joint Plant Committee. However, for the small scale units, their supplies are channelised through MSSIDC which places consolidated indents on behalf of small units with JPC. The small scale units complained that as their requirements are not fully met at the controlled prices, they had to

purchase pig iron in the open market at higher prices. It is however understood that steps are being taken by the Ministry of Steel to increase production of pig iron to remove the shortage. The Survey revealed that due to lack of adequate marketing information, the small scale units had to export through merchant-exporters. It is suggested that EEPIC in association with the IDEMA should undertake market surveys in foreign countries regularly and disseminate the market information to small scale units. The efforts of the Association should be supplemented by the assistance from the State Government, as this industry is one of the biggest foreign exchange earners in the State. The small scale units may also be directed to deal with recognised "Export Houses" in the State.

(Paras 9.6 & 9.7)

Export Prospects

In terms of quality, due to severe competition from Japan, there is a need to make lighter diesel engines for export markets. The additional requirements to improve exports will include after-sales-services for engines exported by small scale units. With this, it is estimated that out of the all-India target for annual exports of diesel engines fixed at Rs 30 crores, Maharashtra could export upto Rs 2.5 crores by 1973-74.

(Para 9.8)

10. Auto Parts

I. Radiators

Production and Exports

Maharashtra has nearly 40 per cent of the licensed capacity in the organised sector, for the manufacture of

full requirement of water may be met by Bombay Municipal Corporation. Similarly, it was urged that in the Thana Region, the manufacturers for exports may receive water and electric power at the old rates instead of the enhanced rates.

(Paras 10.11 to 10.16)

The industry reported that the cash assistance of 10 per cent and import replenishment of 15 per cent available are not enough.

(Paras 10.17 & 10.18)

The industry has urged that for import policy purposes, oil coolers may be treated on par. with radiators.

(Para 10.19)

Radiators may be classified under Schedule I of Customs Duty Drawback Rules. The industry in Thana has urged that the octroi duty paid on metals sent to Bombay for conversion into semis may be refunded on exports of radiators.

(Para 10.20 & 10.21)

Export Prospects

Given the facilities indicated above the industry in Maharashtra expressed confidence that exports can be increased from Rs 12 lakhs in 1968-69 to Rs 56 lakhs in 1973-74.

(Para 10.22)

II. Brake Linings and Clutch Facings

Production and Exports

Out of the total licensed capacity of 3,790 tonnes of brake linings in the country, Maharashtra has 2,660

tonnes. The State accounts for about 3/4th of the all India production i.e. 1,648 tonnes out of the total of 1,741 tonnes in 1968. In respect of clutch facings, Maharashtra's production was 4.03 lakh numbers in 1968. Exports of brake linings and clutch facings were estimated at Rs 11 lakhs and Rs 5 lakhs respectively during 1968-69. Maharashtra's share in these exports was Rs 3.6 lakhs, and Rs 37,000 respectively.

(Paras 10.23 to 10.28)

Problems of Production and Export

The industry reported shortage of abestos and leaded litharge. The indigenous abestos is reported to be unsuitable for brakelinings due to its low frictional value and high carbonite contents. The miners do not have facilities to process the abestos fibre which contain lot of foreign matter. The Andhra Pradesh Mining Corporation may be advised to provide facilities for processing this item so that it can be used in the brake linings industry. In the case of leaded litharge, there is lack of technical know-how to properly mix these materials so that quality of each batch varies, which affects the quality of the friction components. It is therefore suggested that imports of leaded litharge may be allowed till the quality of the indigenous material improves.

(Paras 10.29 & 10.30)

The industry reported that the existing cash assistance of 10 per cent was not adequate and does not even cover the direct cost. The industry has suggested that the cash assistance and import replenishment may be granted against exports to Afghanistan. Also, brake

linings either in the form of liners or rolls may be considered for the grant of drawback of duty of 10 per cent.

(Paras 10.31 to 10.33)

Export Prospects

Given the facilities suggested earlier, exports from Maharashtra of brake linings and clutch facings are likely to increase from Rs 3.92 lakhs to Rs 22.20 lakhs in 1973-74.

(Para 10.34)

III. Shock Absorbers

Production and Exports

Out of four units in the organised sector and five units in the small scale sector in the country, two units, both in organised sector, are located in Maharashtra, with an installed capacity of 6.60 lakh numbers. The State, with its production of 6.85 lakh numbers, accounted for 76 per cent of the production of shock absorbers in the country in 1968-69. The Survey revealed that almost entire exports from India of shock absorbers amounting to Rs 13.54 lakhs in 1968-69 were from Maharashtra and that too by only one unit.

(Paras 10.35 to 10.39)

Problems of Production and Export

The industry is facing difficulty regarding the availability of important raw materials like loctite polyester based resin and electrode wire (0/32"). Similarly, the seamless steel tubes of the required

specifications are banned for imports and indigenous producers do not accept orders for less than 5,000 metres as against units requirements of 500 to 1,000 metres. Difficulties have also been expressed by the industry in switching over to the indigenous steel sheets and steel coils for the manufacture of brackets and cylinder head washers because of the differences in the degree of tolerance and thickness between the indigenous and imported material. The industry has desired that these items may be allowed against import replenishment. The surveyed units are getting their supplies of indigenous sheets and coils from open market and as such do not get them at the JPC prices.

(Paras 10.40 to 10.43)

The industry has felt that both the cash assistance of 10 per cent and import replenishment of 40 per cent are not adequate and need upward revision.

(Paras 10.44 & 10.45)

The industry has also suggested that to enable them to send samples of shock absorbers by post, the present minimum of Rs 50/- may be raised to Rs 100.

(Para 10.46)

Export Prospects

The industry expressed confidence that given the facilities mentioned earlier, it can raise its exports from the present level of Rs 13 lakhs to Rs 38 lakhs by 1973-74.

(Para 10.47)

IV. Leaf SpringsProduction and Exports

In the organised sector, there are 9 units with a total licensed capacity of 14,800 tonnes of leaf springs per annum. The three units situated in Maharashtra have a licensed capacity of 3,000 tonnes. The installed capacity of the three units in the State is estimated at 9,800 tonnes. Out of the all India production of 20,144 tonnes in 1968 in the organised sector, the production in Maharashtra was 1,400 tonnes. The production in Maharashtra is showing a declining trend and the capacity utilisation is as low as 20 per cent. Maharashtra's exports during 1968-69 were estimated at Rs 11,750.

(Paras 10.48 to 10.52)

Problems of Production and Export

Spring steel and alloy steel which are the main raw materials required for the industry are reported to be in short supply both because of insufficient indigenous production and sub-standard quality. The Hindustan Steel Limited have not yet developed production of as many as 6 sizes of spring steel required for the manufacture of leaf springs. Heavy excise duty on indigenous spring steel is reported to be the main reason for the high cost of production in India.

(Paras 10.53 to 10.57)

The industry urged that the cash assistance of 10 per cent and the import replenishment of 15 per cent are reported to be much lower than the requirement. The

cash assistance does not cover the direct cost and the import replenishment is far below the import content.

(Paras 10.58 & 10.59)

Export Prospects

Given the facilities suggested above, the industry estimated that exports from Maharashtra would increase from Rs 12 lakhs in 1968-69 to Rs 45 lakhs in 1973-74.

(Para 10.60)

11. Pressure Stoves & Lanterns

Production and Exports

Out of 60 units manufacturing pressure stoves and lanterns in India-most of them are in the small scale sector - 26 units are located in Maharashtra. Maharashtra accounts for more than 50 per cent of the total production of pressure stoves and lanterns in the country. During 1968-69, Maharashtra's production of pressure stoves and lanterns amounted to Rs 52.10 lakhs out of an all India production of Rs 88.18 lakhs. The unutilised capacity in the industry was stated to be around 30 per cent. India ranks next only to Sweden in the world trade of stoves and lanterns. In exports also, Maharashtra accounts for the major share of the all India exports of pressure stoves and lanterns, being Rs 42 lakhs out of the country's total exports of Rs 46 lakhs during 1968-69.

(Paras 11.3 & 11.4)

Problems of Production and Export

The Survey revealed that the industry is experiencing acute shortage of brass sheets of 16 guage to 20 guage.

The indigenous supplies are also said to be defective. It is felt that as brass sheets of exportable quality are being produced in India, this difficulty could be sorted out between the manufacturers of pressure stoves and lanterns and the suppliers of brass sheets. In view of the irregular allocation of copper and zinc, the industry has felt that instead of importing copper and zinc, it should be permitted to import brass for its consumption directly.

(Paras 11.6 to 11.8)

The existing rates of export incentives for pressure stoves and lanterns were said to be inadequate due to large difference in the ex-factory price and the f.o.b. value. It is suggested that EEPC should examine this question. During the Survey, the exporters were concerned with the poor handling of pressure stove and lantern consignments at the port. It is recommended that B.P.T. should make special arrangements for careful handling of fragile articles like pressure stoves and lanterns. The industry has also suggested that pre-shipment inspection for this item should be completed at the factories so as to avoid repacking which is involved if pre-shipment inspection is done at the port. Due to the delicate nature of the products, most of the exports of pressure stoves and lanterns are made under D.A. and D.P. bills, and finance by the banks is reported to be inadequate.

(Paras 11.9 to 11.13)

Export Prospects

Holding a leading position as suppliers of good quality pressure stoves and lanterns in the world market, the export prospects for these will be brighter if the

existing difficulties are removed and proper assistance is given. The exports from Maharashtra are expected to reach Rs 90 lakhs by 1973-74.

(Para 11.14)

12. Stainless Steel Utensils

Production and Exports

About 400 units have been registered as manufacturers of kitchenware and cutlery. Large registration as surgical instruments manufacturers is due to Government's policy of granting A.U. licences to these manufacturers and absence of such facility to kitchenware manufacturers. As against the installed capacity of nearly 61,000 tonnes of various stainless steel products in the country, the extent of capacity utilisation is only around 20 per cent. In a few individual cases however, the capacity utilisation is well above 50 per cent. During 1968, production of stainless steel products in the country was about 6678 tonnes and that in Maharashtra was about 1600 tonnes. The export of stainless steel utensils from India during 1968-69 was worth Rs 40 lakhs, of which the export from Maharashtra was estimated at Rs 15 lakhs.

(Paras 12.3 to 12.5)

Problems of Production and Export

The industry is facing an acute shortage of stainless steel of various grades like 301, 302, 304, 410, with thickness variations between 18 to 26 gauges. No Actual User Licence is granted to the stainless steel utensil industry in view of the indigenous production planned by the Hindustan Steel Ltd., at Durgapur. Due

to the shortage of required quality of ferro-alloys and nickel, supplies from this steel plant are not adequately forthcoming. Exports are being made mainly because of the availability of import replenishment on metal to metal basis. The price of stainless steel in the open market is exorbitant, which is causing concern to the industry. The price quoted by the public sector plant is also high, being 250 per cent more than the international price. The industry has urged issuance of regular licences for import of stainless steel on A.U. basis and that imports should also be allowed against exports of stainless steel scrap. Alternatively MMTC may be allowed to import and distribute stainless steel to utensil manufacturers. Though the stainless steel utensil industry is not entitled to any cash assistance, the import replenishment allows import of 1.66 kg. of stainless steel for every 1.30 kg. exported. The import licence however is restricted to 75 per cent of the f.o.b. value of exports. Cost data furnished by the units in support of more liberal imports has been examined in the Confidential Report of the Survey. The industry pointed out the inordinate delays in realising drawback claims and the failure to properly repack the packages when opened at the port for verification.

(Paras 12.6 to 12.10)

Export Prospects

Due to uncertain policies of the Government of India in arranging indigenous supplies of stainless steel or liberalising the import of this basic raw material for this industry, it is difficult to assess

the export prospects. Kenya, one of the major importers of stainless steel utensils from India is already proposing a ban on imports from the country. Nevertheless, anticipating improvements in the raw material supply position, it is estimated that exports of stainless steel utensils and cutlery from Maharashtra would reach Rs 50 lakhs by 1973-74.

(Para 12. 11)

13. Stainless Steel Surgical and Hospital Equipment

Production and Exports

There are about 50 units in the organised sector manufacturing s.s. surgical and hospital equipment. In addition, there are 500 units in the small scale sector. In Maharashtra, there are 15 large and medium scale and nearly 100 small scale units. A large number of units have registered themselves as manufacturers of these items because of easy availability of stainless steel. Production of surgical instruments and hospital equipment in India was estimated at Rs 5 crores during 1968-69. Maharashtra accounts for nearly 24 per cent of this production. As against average utilisation of capacity of 15 per cent in the country, there is higher capacity utilisation in Maharashtra. Of the total exports of Rs 26.1 lakhs worth of surgical instruments and hospital equipment during 1968-69, the exports from Maharashtra ranged between Rs 1 and Rs 2 lakhs. Main markets are Singapore, Iraq, UAR, Lebanon etc.

(Paras 13.3 & 13.4)

Problems of Production and Export

The manufacturers find it difficult to procure thicker stainless steel sheet, which is obtained in the open market at exorbitant price. A number of registered manufacturers have found it profitable to sell the imported stainless steel in the open market due to its acute scarcity. Apart from the review of the import policy for stainless steel by the Ministry of Foreign Trade, the State Directorate of Industries may also exercise effective check on the production by small scale units of surgical instruments in the State

(Para 13.8)

Though the quality of production in the State is satisfactory, common testing facilities are not available in the State. A branch of CSIO could be set up in Bombay for this purpose.

(Para 13.9)

There is a lack of advanced designs for the surgical instruments and hospital equipment industry in the country, particularly among the small scale sector. The DDA through the State Directorate of Industries should evolve means of setting up Research and Development Cell for creation of new designs and up-to-date technical know-how.

(Para 13.10)

Presently the industry is facing shortage of skilled personnel at the lower level. Hence a certificate or diploma course in Instrument Technology may be started in the State by the Directorate of Technical Education.

(Para 13.11)

Export Prospects

Given adequate raw material, regular technical know-how and latest market information, the export prospects appear brighter for the surgical instruments made in India and in Maharashtra. There is also scope for the hospital equipment, if the cost of production is brought down. It is estimated that the exports from Maharashtra would be worth Rs 4 lakhs by 1973-74 as against the present level of Rs 1 to Rs 2 lakhs.

(Para 13.14)

14. Scientific and Measuring Instruments

Production and Exports

In India there are 50 large and medium units and about 650 units in the small scale sector manufacturing scientific and measuring instruments. In Maharashtra there are around 150 units mostly in the small scale sector. The capacity utilisation is around 60 per cent in the country. The production of scientific instruments of all types in the country is estimated to be around Rs 35 crores during 1968. The production in Maharashtra was estimated to be a little less than Rs 2 crores. The total all-India exports of scientific instruments were Rs 16.13 lakhs worth during 1968-69, of which exports from the State amounted to Rs 75,000.

(Paras 14.1 to 14.7)

Problems of Production and Export

The industry is experiencing acute shortage of critical components for electronics, electro-medical and electro-chemical instruments. Some of the imported

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Though the quality of production in the State is satisfactory, common testing facilities are not available in the State. A branch of CSIO could be set up in Bombay for this purpose.

(Para 13.9)

There is a lack of advanced designs for the surgical instruments and hospital equipment industry in the country, particularly among the small scale sector. The D'DA through the State Directorate of Industries should evolve means of setting up Research and Development Cell for creation of new designs and up-to-date technical know-how.

(Para 13.10)

Presently the industry is facing shortage of skilled personnel at the lower level. Hence a certificate or diploma course in Instrument Technology may be started in the State by the Directorate of Technical Education.

(Para 13.11)

Export Prospects

Given adequate raw material, regular technical know-how and latest market information, the export prospects appear brighter for the surgical instruments made in India and in Maharashtra. There is also scope for the hospital equipment, if the cost of production is brought down. It is estimated that the exports from Maharashtra would be worth Rs 4 lakhs by 1973-74 as against the present level of Rs 1 to Rs 2 lakhs.

(Para 13.14)

14. Scientific and Measuring Instruments

Production and Exports

In India there are 50 large and medium units and about 650 units in the small scale sector manufacturing scientific and measuring instruments. In Maharashtra there are around 150 units mostly in the small scale sector. The capacity utilisation is around 60 per cent in the country. The production of scientific instruments of all types in the country is estimated to be around Rs 35 crores during 1968. The production in Maharashtra was estimated to be a little less than Rs 2 crores. The total all-India exports of scientific instruments were Rs 16.13 lakhs worth during 1968-69, of which exports from the State amounted to Rs 75,000.

(Paras 14.1 to 14.7)

Problems of Production and Export

The industry is experiencing acute shortage of critical components for electronics, electro-medical and electro-chemical instruments. Some of the imported

scientific instruments could be manufactured indigenously if the imports of the critical components are permitted.

(Para 14.8)

The industry is in need of skilled workers at lower level whereas the graduate training courses existing in places like Poona are for higher level. The industry has suggested Diploma courses of 2 or 3 years duration with training facilities in various instrument techniques may be started in the State. The testing facilities as needed by the industry in Maharashtra State are available only in far off places like Chandigarh and Delhi. The State Directorate of Industries may take up this question with CSIO for starting a testing centre at Bombay.

(Paras 14.9 & 14.10)

The standardization of instruments, laboratory equipment and components is most essential. In spite of the fact that ISI have laid down nearly 800 standards, these are not adhered to by the manufacturers due to their inability to follow the certificate procedure. It is also doubted, if the ISI standards for various scientific instruments will be acceptable in the international markets.

(Para 14.12)

Except for the STC show rooms, the publicity needed for this industry is inadequate. The State Government may provide financial assistance to the industry for their participation in the regular international exhibitions.

(Para 14.13)

Export Prospects

As the standard scientific instruments have good prospects in the African and the South East Asian countries, it is expected that the exports of scientific instruments from Maharashtra will be of the order of Rs 1 to 2 lakhs by 1973-74.

(Para 14.14)

15. Weighing Machines, Weights and Accessories

Production and Exports

There are 29 units in India manufacturing weighing machines etc. of which 4 are in the organised sector. In Maharashtra there are 3 units in small scale sector and a few manufacturers in the unorganised sector. The production of weighing machines, weights and accessories in the country during 1968-69 was worth Rs 165 lakhs, of which Maharashtra's production amounted to Rs 37 lakhs. Of the total all-India exports of Rs 4.37 lakhs, the exports from the State were of the order of Rs 2.36 lakhs.

(Paras 15.2 to 15.4)

Problems of Production and Export

The industry is experiencing delays in procuring import licences. The materials available from the open market have to be procured at a high price.

(Paras 15.5 & 15.6)

The National Test House in Bombay is not able to undertake all the tests needed by the industry and it is suggested that arrangements should be made for this at the VJTI Bombay.

(Para 15.7)

As there is severe inter-se competition amongst Indian exporters, the brand image of the product is lost in the export market. It is desirable that at least in respect of large export orders, a consortium of exporters should be formed under one brand name. The BEPC may take the initiative in forming a voluntary consortium of units in the industry.

(Para 15.8)

Export Prospects

There are good opportunities for Indian weights and accessories in countries like the U.K., Canada and Australia where the British weights and measures are in vogue and also in developing Asian and African countries. It is expected that exports of weights and accessories from Maharashtra will be of the order of Rs 4.0 lakhs by 1973-74 as against the present level of Rs 2.36 lakhs.

(Para 15.9)

16. Wire and Wire Products

from Maharashtra were estimated around Rs 10 lakhs.

(Paras 16.4 to 16.6)

Problems of Production and Export

The industry is experiencing acute shortage of wire rods and zinc for galvanising. The manufacturers of wire products find it difficult to procure 20 g G.I. wires and more thicker wires as supplies from indigenous manufacturers do not come up and imports are restricted. The stainless steel wires of 1 g and below are also scarcely available. The prices of all sizes of wires from 8 g to 26 g. have gone up within the last one year and the quality has deteriorated. The Ministry of Steel may therefore examine the situation and recommend to the Ministry of Foreign Trade more liberal imports of the above mentioned wires.

(Paras 16.8 to 16.10)

The tar paper imported till recently is not available to the industry any more. As this is more effective in preventing moisture setting during transit, this may be permitted for imports under the import replenishment.

(Para 16.11)

Export Prospects

Considering the versatility of the wire and wire products, the prospects are excellent in developing Asian and African countries, where huge projects like port construction, ship building, oil exploration, mining, etc. are being undertaken. The exports of wire and wire products from Maharashtra are expected to reach a level of Rs 25 lakhs by 1973-74 as against the present level of Rs 10 lakhs.

(Para 16.12)

17. Builders' HardwareProduction and Exports

There are about 200 units in the country producing hardware items including padlocks of which 55 units are in Maharashtra. The production of builders' hardware in Maharashtra during 1968-69 was estimated at 3250 tons. Of the total all-India exports of builders' hardware worth Rs 81.3 lakhs, the exports from the State were worth Rs 16.6 lakhs.

(Paras 17.2 to 17.5)

Problems of Production and Export

The industry is experiencing acute shortage of raw materials like non-ferrous scrap of various grades, extended sections of aluminium and brass, and other rolled sections of mild steel. The indigenous sections are either inaccurate in dimensions or ^{are} not available at the proper time. In countries like Japan, the U.K. and West Germany, the semi-processed raw materials described above are available in ready-made condition at much cheaper rates as the non-ferrous scrap which is available in plenty in various grades is used for producing the non-ferrous extruded sections. The "Semi" manufacturers in India are handicapped, as they have to use indigenous scrap which is costly and to get the required alloy have

production of builders' hardware. It is therefore suggested that the Ministry of Foreign Trade may examine the economics of "basic" i.e. virgin metal imports for the builders' hardware industry and make suitable changes in the import policy.

(Paras 17.6 to 17.10)

Export Prospects

The quality of builders' hardware exported from the country and the State are comparable to those from other competing countries. It is expected that with suitable changes in the import policy, the exports of builders' hardware from Maharashtra will be of the order of Rs 1 crore by 1973-74 as against the present level of Rs 16.6 lakhs.

(Para 17.11)

18. Switchgears, Controlgears & Transformers

I. Switchgears and Control-Gears

Production and Exports

Out of 254 manufacturers in the country 21 units are situated in Maharashtra. Maharashtra has around 60 per cent of the installed capacity. There was a set back in the production of switchgears and controlgears during 1968-69 over the previous years. Of the total all-India production of 6,52,000 numbers. of switchgears during 1968-69, the production in Maharashtra was around 2,60,000 numbers. Capacity utilisation in this industry is 80 per cent in India as a whole whereas it is only 60 per cent in Maharashtra. India exported switchgears and control-

gears worth Rs 51.6 lakhs during 1968-69 and the exports from Maharashtra amounted to nearly Rs 25 lakhs.

(Paras 18.2 to 18.5)

Problems of Production and Export

The industry is experiencing acute shortage of indigenous hot rolled steel sheets and these are scarcely available even with the help of "Priority" certificates. A few essential components whose requirements are meagre are neither produced indigenously nor allowed to be imported. The industry is also experiencing shortage of stainless steel tubes as the imports of these have been curtailed subsequent to the announcement by Durgapur Plant to produce them indigenously. Its production however very much falls short of the industry's demands. The industry has urged that considering economics of production they should be allowed advance licenses to enable them stock at least 2 years' requirements. If individual licenses cannot be granted, the MINTC may be allowed to import the stainless steel tubes in bulk and stock them for timely releases to the industry.

(Paras 18.8 & 18.9)

The industry is further handicapped in planning their production due to irregular orders placed by the various State Electricity Boards. The switchgear and controlgear industry is spread all over the country and the State Electricity Boards' policy of placing orders with local manufacturers is proving harmful.

(Para 18.10)

against the installed capacity of 6.53 million KVA, actual production in 1968 was 4.85 million KVA in the country and production in Maharashtra was 1.5 million KVA. Of the all-India exports of transformers amounting to Rs 56.45 lakhs during 1968-69, the exports from Maharashtra have been estimated at Rs 25 lakhs.

(Paras 18.20 to 18.23)

Problems of Production and Export

Realising the world shortage in CRGO sheets, the Hindustan Steel Ltd. entered into a Japanese collaboration for producing this item indigenously, and the import of CRGO sheets were restricted. However there has been no indication towards the commencement of production of CRGO sheets in the HSL plant and with the import restrictions, the transformers industry is facing a problem. Similar difficulties are also experienced by the industry in procuring transformer oil, whose indigenous production, apart from being supplied at nearly 30 per cent more than direct import cost, is also not able to meet the entire demand in the country. Procurement difficulties were also experienced for indigenous raw materials like porcelain bushes, cooling tubes, treated mild steel sheets etc., which have affected the production. Over and above this irregular offtake by the State Electricity Boards resulted in considerable under-utilisation of the capacity.

(Para 18.24 to 18.28)

The Reserve Bank's restrictions on deferred payment duration, now between 5 and 7 years, had the effect of diverting more export orders to overseas

countries, who are in a position to offer liberal terms of credit compared to the Indian manufacturers' offers. This needs to be relaxed.

(Para 18.30)

Export Prospects

The exports of transformers have been highly encouraging, and to keep up the trend the difficulties outlined above should be overcome. With this, it is estimated that the exports from the Maharashtra State will reach Rs 50 lakhs by 1973-74.

(Para 18.31)

19. House Service Meters

Production and Exports

Out of 15 units manufacturing house service meters in India only two are in Maharashtra. The production of house service meters in the country during 1968 was 10.7 lakh numbers of which 61,000 were produced in the Maharashtra State. The capacity utilisation in the State is 90 per cent compared to 56 per cent in the country. Of the total all-India exports of Rs 3.43 lakhs during 1968-69, the exports from only one unit in Maharashtra amounted to Rs 50,000. The exports from the State have started only recently.

(Paras 19.3 to 19.5)

Problems of Production and Export

The house service meter industry in the State is not well developed and has commenced exports in a small way. The industry is experiencing difficulties in procuring steel sheets and copper laminates.

(Para 19.6)

Export Prospects

There is a declining production of house service meters in the State and the export prospects do not appear to be bright.

(Para 19.7)

20. PVC Insulated Cables and WiresProduction and Exports

There are 10 units in the country producing PVC and plastic insulated power cables in the organised sector and about 115 small scale units. Of these, 7 units in the organised sector and a few small units are situated in Maharashtra. The capacity utilisation of this industry is around 46 per cent for PVC and VIR wires and more than 100 per cent for PVC cables, in the country. In Maharashtra, the capacity utilisation is around 45 to 55 per cent for both types of cables. The all-India production of plastic and rubber insulated cables during 1968 was around 370 million core meters of which nearly 125 million core meters were produced in Maharashtra. Of the 11670 km. of PVC power cables produced in the country during 1968, about 4000 km were from Maharashtra. The total all-India exports of plastic insulated cables and wires during 1968-69 were Rs 54.28 lakhs. The exports of PVC cables and wires from Maharashtra were of the order of Rs 29 lakhs.

(Para 20.5 to 20.8)

Problems of Production and Export

The industry was experiencing acute shortage of copper and irregular supplies of aluminium. The indigenous production of aluminium is not able to meet the demand in

the country and the enhanced rates of supply subsequent to the revision of excise duty on this item is causing concern to the industry. Trials are also on for substituting copper by aluminium, as the supply of copper to the industry is also very inadequate. The IEMA has requested the Ministry of Industrial Development to consider an upward revision of the projected annual growth rate of 16 per cent for primary aluminium during the Fourth Five Year Plan.p

(Paras 20.9 to 20.11)

The price fixed for PVC is more than the international price. The industry has suggested that in fixing the prices the Price Fixation Committee should take into consideration the prevailing prices of PVC in Japan and Italy.

(Para 20.12)

Due to limited financial resources, the small scale sector of the industry has urged that the State Government agency should arrange stocks of the imported raw materials and release them to the small units on the basis of their export performance.

(Para 20.13)

Though the PVC cables of less than 1.1 KV with copper conductors are entitled to 90 per cent import replenishment, the recent amendment to the ITC Policy restricting the imports of copper ingots, wire bars etc. to 20 per cent of this, has affected the economics of exports and exporting pricing. The industry is also experiencing considerable delay in procuring the import licences and has urged that freedom may be allowed to

import items in the shopping list without restriction within the overall replenishment.

(Paras 20.14 & 20.15)

Normally the delivery period for PVC cables and wires does not exceed 12 months. Therefore the industry does not benefit from the directive of registration of export contracts with over 12 months delivery period. For simplicity of procedure the industry has desired the benefit of registration of export contracts be extended to all contracts irrespective of their delivery periods.

(Para 20.16)

Export Prospects

A real beginning in the exports of PVC cables and wires was made by India recently and the quality is internationally accepted. Due to extensive electrification programmes in West Asia and African countries, where there is a good potential, the exports of PVC cables and wires from Maharashtra are expected to be around Rs 1.50 crores by 1973-74 as against the present level of Rs 29 lakhs.

(Para 20.19)

21. Electric Motors

Production and Exports

the country at 2.7 million H.P. for the production of electric motors, this was fully utilised till the 1967, mainly due to the co-ordinated efforts of the industry and the various State Electricity Boards. The production in the year 1968 was far below the installed capacity due to shortage of raw materials. During 1968-69, the production of electric motors in the country was 2.3 lakh numbers and in Maharashtra nearly 1 lakh numbers. The country is still importing special purpose electric motors, mostly above 200 H.P., useful for traction and major power projects. The production capacity by 1973-74 in the country for electric motors above 200 H.P. is reckoned at 1.63 million H.P. The exports of electric motors from India are mainly in the range of 3 H.P. to 20 H.P. Besides bare electric motors, the exports from the country include those which form integral parts of several machineries. During 1968-69, the exports of bare electric motors from the country were to the extent of Rs 13 lakhs, of which Maharashtra's exports amounted to Rs 10 lakhs.

(Paras 21.4 to 21.6)

Problems of Production and Export

The major problem faced by the electric motor industry was in respect of raw materials like electrical steel sheets, alloy steel for bearings and CRCA sheets. The indigenous production of electrolytic copper is insufficient to meet the demands of the electric motor industry and most of the industries' requirements are being met by imported copper. The electric motor manufacturers were finding it difficult to achieve their production targets with rising prices of copper and

restricted imports of the same. It is suggested that the EEPC in consultation with IEMA should assess the annual requirements of copper by this industry and take up the question with the Ministry of Foreign Trade for liberal imports of this item. The electric motor industry, particularly the small scale sector is experiencing severe shortage of some testing equipments like balancing unit and coil circuit testing equipment. A common facility centre may not be feasible since the electric motors are to be tested individually. The State Directorate of Industries may assess the actual requirements of testing equipment and take it up with Ministry of Foreign Trade for imports of these by the individual units. There is also a shortage of suitable skilled labour for this industry. It will be advantageous if the State Department of Technical Education designs the curriculum to suit the manufacturing process of electric motors, in consultation with IEMA. In view of the opinion that the existing rates of export incentives are inadequate to the industry, the EEPC may examine the cost data in respect of leading units and take it up with the Ministry of Foreign Trade.

(Para 21.8 to 21.12)

as parts of different industrial machines. It is anticipated that exports of electric motors from Maharashtra will be of the order of Rs 35 lakhs by 1973-74 as against Rs 10 lakhs during 1968-69.

(Para 21.14)

22. Electric Fans

Production and Exports

— There are about 100 manufacturers in India, out of which 15 are in the organised sector. There are 15 units in Maharashtra producing electric fans. The installed capacity for the production of 14.9 lakh numbers of electric fans in India including Maharashtra is being fully utilised. The production of electric fans in the country during 1968—was 14.7 lakh numbers of which 4.8 lakh numbers were produced in Maharashtra. 90 per cent of the production in the country is from the organised sector. During 1968-69, the exports of electric fans and spares from the country were of the order of Rs 196 lakhs, with exports from Maharashtra at Rs 24 lakhs.

(Paras 22.3 & 22.4)

Problems of Production and Export

The industry has been facing considerable difficulties in obtaining copper, copper wire, in-chrome wire, steel sheets for stamping and CRCA sheets on account of which planned production and delivery schedules are seriously affected. Although ISI have evolved standards for this industry, there have been complaints of export of defective goods. The DGTD and the Export Inspection Council may

study the defects in our electric fans in detail and if necessary allow the industry to import few essential components till the quality is improved of the indigenous components. Due to increased cost of production during the last few years, the existing rates of export assistance are felt inadequate by the industry. The EEPC may study the cost data and make recommendations to the Ministry of Foreign Trade accordingly. Frequent change in the ocean freights is one of the major problems faced by this industry. The exports may improve if freight rates remain unchanged for at least next three years. The exports are also expected to increase if the frequency of sailings to some important ports of West Asia and Sudan, is increased. As BS3 standards are more popular in export markets, the ISI will have to study them in greater detail to find out an acceptable solution. Electric fans industry should be posted with details of improved designs and market trends and in this respect the EEPC in consultation with IEMA should endeavour to undertake periodical market surveys to obtain up-to-date information.

23. Electric Lamps and Fluorescent Tubes

Production and Exports

Out of about 20 large and medium scale units producing electric lamps and fluorescent tubes in the country, two units are situated in Maharashtra - one producing GLS lamps and fluorescent tubes and the other only incandescent lamps. The State accounts for only 4 per cent of the installed capacity for incandescent lamps and 21 per cent for fluorescent tubes in the country. As there are only a handful of units located in Maharashtra State, the share of State's production of electric lamps and fluorescent tubes in the country is very little. During 1968, the production of incandescent filament lamps in the country was 845 lakh numbers of which only 25 lakh numbers were produced in Maharashtra. The State produced 15 lakh numbers of fluorescent lamps out of 77 lakh numbers produced in India. The installed capacity in India and Maharashtra, however, is fully utilised. During 1968-69 the all-India exports of electric lamps and tubes were worth Rs 16 lakhs, exports from Maharashtra being nil. However during the calender year 1969 nearly Rs 12 lakhs worth of electric lamps and tubes were exported from Maharashtra.

(Paras 23.3 to 23.5)

Problems of Production and Export

The industry is experiencing considerable procedural delays in procuring import licences, which are granted against various credits, for items like tungsten and molybdenum wires, and brass. One of the leading units in

Maharashtra could not undertake expansion as licence for imports was not granted by the Government. The unit needs some more imported machinery. At least in one case in the State, the unit has stopped exports due to delay in realising the export assistance. The existing export assistance may have to be considerably increased to effect significant exports. Though advanced techniques are being adopted for export packaging of lamps and tubes, the industry has to import additional machinery to progressively mechanise the packaging process for export purposes. It is suggested that the Indian Institute of Packaging may make a study of the problems of packaging of electric lamps and fluorescent tubes for the benefit of the industry.

(Para 23.6 to 23.9)

Export Prospects

India's exports of electric lamps and tubes have doubled during the last 3 years. The leading unit in Maharashtra has a world reputed brand name, but has limitations in expanding its production. If capacity is increased the exports from the State could be expected to reach Rs 25 lakhs by 1973-74 as against Rs 12 lakhs at present.

(Para 23. 11)

24. Electrical Accessories & Appliances

1. Electrical Accessories

switch boards etc. During 1968-69 production of brass lamp holders in India amounted to 0.9 lakh numbers of which production in Maharashtra was estimated at 0.2 lakh numbers. Out of the total production of 21.4 lakh numbers of plastic electrical accessories, production in Maharashtra was estimated at 12 lakh numbers. As against all India exports of Rs 29.02 lakhs the share of Maharashtra was Rs 17.13 lakhs during 1968-69. Main markets are Kuwait, Burma, Malaysia, Iran, Iraq, etc.

(Paras 24.2 to 24.4)

Problems of Production and Export

The industry is facing difficulty in regard to procurement of brass tubes for the manufacture of lamp holders as these are banned for imports. The indigenous brass tubes show thickness variations which affect the quality of production. Due to the poor quality of steel tubes and lack of adequate plastic materials change-over to these materials is difficult. Moreover, chrome plating for steel tubes increases the basic cost of production. Similarly import of brass coated tin plates are allowed only on a restricted scale. It is suggested that the DGTD and the Ministry of Foreign Trade may examine the requirements of various raw materials for this industry and make provision for adequate imports if necessary.

(Para 24.5)

Import replenishment of 40 per cent for non-plastic electrical accessories and 30 per cent for plastic electrical accessories is reported to be inadequate, as the industry requires materials like waste tin plates (brass coated) U.F. moulding powder and brass materials.

(Para 24.6)

As electrical accessories are being exported under various brands, the image of Indian products is not being projected properly. It would be advantageous if a consortium should be formed and products exported under few brands names only.

(Para 24.7)

Export Prospects

In view of continuous demand for these items all over the world and the Indian industry being in a position to meet specific requirements, it is expected that exports of these items from Maharashtra will rise to Rs 1 crore from the present level of Rs 17 lakhs by 1973-74.

(Para 24. 8)

II. Electrical Appliances

Problems of Production and Export

The industry reported that due to the delay in the supply of the required specifications of steel sheets it was not possible to plan production. The industry's experience was that as against indicated specifications the actual supplies of steel sheets were of different gauges. Whereas the import of heating elements was banned, indigenous supplies were of poor quality. MSSIDC may assess the steel sheet requirements of the industry so as to place bulk order with the public sector plants.

(Para 24.12)

The Survey revealed that the majority of the units were adopting out-dated methods of production and lack minimum testing facilities. For exports, it is absolutely necessary that industry follows general and safety requirements laid down by the ISI. It is necessary that these items should be brought within the purview of quality control and pre-shipment inspection.

(Para 24.13)

As the industry is located in the small scale sector, it is necessary that an agency like MSSIDC should arrange display of quality goods on behalf of these units in the showrooms managed by the STC in different countries.

(Para 24.14)

Export Prospects

There are excellent prospects for exports to various countries of West Asia and South East Asia. The industry in Maharashtra can raise its exports to Rs 1 crore from the present level of Rs 10.49 lakhs if the quality of its goods is improved.

(Para 24.15)

25. Dry and Storage Batteries

Production and Exports

Out of 4 units manufacturing dry batteries and 13 units, storage batteries, 2 and 5 units respectively are situated in Maharashtra. In dry and storage batteries, the installed capacity in Maharashtra is around 40 per cent of that in India. The industry is also working to full capacity in the country as well as in the State. During 1968, the production of dry batteries in the country was 4085 lakh numbers and in Maharashtra 1520 lakh numbers. During the same year production of storage batteries in India was 8.7 lakh numbers and in Maharashtra, 3.4 lakh numbers. The export of dry and storage batteries together during 1968-69 from the country was around Rs 183 lakhs, of which Maharashtra's share amounted to Rs 15 lakhs. The exports of accumulators alone from India amounted to Rs 70 lakhs during 1968-69.

(Paras 25.4 to 25.6)

Problems of Production and Export

lead has very insignificant production compared to the all India demand. Having to import lead from distant countries like the U.S.A., Canada and Mexico, the industry is experiencing considerable difficulties in maintaining production. It is recommended that the EEPC should take up with the Ministry of Foreign Trade the question of granting liberal import licences to battery manufacturers. The MMTC may be allowed to store the imported raw materials in warehouses in Bombay for quicker releases to the manufacturers to meet to their production and export requirements.

(Paras 25.8 to 25.11)

Export Prospects

This is an export oriented industry with a record of good past export performance in spite of severe competition from countries like Japan, the U.K. and the U.S.A. There is a further need for diversification of markets. The exports of dry and storage batteries from Maharashtra are expected to reach Rs 120 lakhs by 1971-72 from the present level of Rs 15 lakhs.

(Para 25.12)

26. Electrodes and Welding Equipment

Production and Exports

Out of 69 manufacturers in India - 20 units being in the organised sector - 16 are situated in Maharashtra. Capacity utilisation in the country was 78 per cent in gas welding equipment, 88 per cent in electric welding equipment and more than 100 per cent in arc welding electrodes. The corresponding percentages for Maharashtra were 100 per cent in welding machinery and 40 per cent in

electrodes. The industry was one of the worst hit during the recession period. The production of welding equipment in India during 1968 was of the order of Rs 1.4 crores and that of arc welding electrodes 208 million running meters. Correspondingly the production in Maharashtra was Rs 55 lakhs and 41.5 million running meters respectively. Of the total exports of welding equipment and electrodes from the country amounting to Rs 25.6 lakhs, the exports from Maharashtra were Rs 5.5 lakhs.

(Paras 26.4 & 26.5)

Problems of Production and Export

Apart from under-utilisation of capacity the main problem of the industry is the high cost of essential raw materials like electrode quality billets and rutile, as compared to UK prices. The electrode quality steel being available to the industry in the form of billets or rods, have to be redrawn into wires of required sizes, which is carried out in the units which are located far away from the places where billets and rods are available. The transport charges incurred add to the basic production costs. On the other hand the overseas manufacturers have the distinct advantage of receiving the electrode wires in ready-made condition and to the required sizes, as all the operations are carried out at one place by specialised wire drawing units.

grinding facilities within the State. These are available at Calcutta at present. For export production, the State Government could offer a partial subsidy to help the industry recover a part of the expenses.

(Paras 26.10 & 26.11)

The electrodes manufactured in India are being exported to some developed countries like Hungary, USSR, etc. for manufacturing wagons and structures. However, due to import substitution the quality of Indian electrodes is deteriorating giving smoke and bad smell. The Indian Institute of Welding, already busy in revising standards, should also diversify its activities to suggest ways and means to bring down the cost of production.

(Paras 26.12 & 26.13)

The electrodes being susceptible to moisture effects, the exporters are handicapped for want of container service. The freight rates for this item are also very high, being nearly three times that paid by Japanese counterparts. It is suggested that the Western India Shippers' Association should examine the ocean freight rates on this item.

(Paras 26.15 & 26.16)

Export Prospects

Besides the exports being made to the advanced countries, the prospects are also bright in the developing South East Asian countries. It is estimated that exports from Maharashtra will reach Rs 20 lakhs by 1973-74 from the present level of Rs 5.5 lakhs.

(Para 26.17)

27. Public Address Equipment

Production and Exports

There are 10 small scale manufacturers of public address equipment in the country of which 4 units are located in the Maharashtra. The production of public address equipment in the country during 1968-69 was estimated at Rs 70 lakhs, and the production in Maharashtra State at Rs 16 lakhs. The utilisation of capacity in the State is about 50 per cent as against 40 to 45 per cent in the country. The exports during the same year were worth Rs 8.67 lakhs from India and Rs 14,000 from Maharashtra.

(Paras 27.2 to 27.4)

Problems of Production and Export

The industry is largely dependant on brought out components both indigenous and imported and these are obtained at high costs. Indigenous components like resistors, capacitors, valves, rectifiers etc. are very costly as compared to those available to the Japanese industry.

utilisation of import licence is consequently only 50 per cent. If the quality of the Indian product has to be improved, the import policy for the components of public address equipment will have to be more liberal.

(Para 27.6)

Export Prospects

The present trend in the export of public address equipment from India indicates that the products from the country are receiving more and more acceptance in the overseas market. However as the exports from Maharashtra have been very small so far, it is difficult to estimate the exports in future.

(Para 27.11)

VOLUME III

CHEMICALS & ALLIED PRODUCTS

1. Chemical Industry in Maharashtra

Maharashtra has one of the largest centres of chemical industry in India. This is located in the Western part of the State and comprises refineries, petrochemical complexes, fertiliser plants and a vast network of large and small organic and inorganic chemical units. The industry is concentrated mostly around Bombay - especially in the Trans-Thana Creek and Kalyan-Thana area. Availability of entrepreneurial skill, working capital, port and market facilities, favourable industrial climate and skilled labour are some of the major factors for the concentration of chemical industry in Maharashtra.

(Pages 1.1 to 1.4)

Production

Maharashtra is a major producer of many organic and inorganic chemicals. The State accounts almost for the entire production of certain chemicals such as borax and boric acid, vanadium pentoxide catalyst, potassium permanganate, hydrogen peroxide, etc. In respect of other chemicals like nitric acid, phosphoric acid, sodium sulphate, copper sulphate, the contribution of Maharashtra is quite significant. As regards organic chemicals, Maharashtra accounts for more than 75 per cent of the total production of alcohol in the country. With the petrochemical complexes coming up in the State, it is anticipated that a wide range of organic chemical raw materials will be available in increasing quantities.

(Pages 1.5 & 1.6)

Exports

It is estimated that Maharashtra accounts for more than 80 per cent of the total exports of chemicals from India. The State has a sizeable share in the export of items such as rare earth chlorides, chlorine, hydrochloric acid, aluminium sulphate, zinc salts, potassium permanganate, vanadium pentaoxide catalyst, sodium hydrosulphite, bichromates, etc.

(Paras 1.7 & 1.8)

Problems of Production

One of the major problems facing the chemical industry in the State is the non-availability of sufficient raw materials such as benzene and toluene. The development of petrochemical complexes in this context is vital for the future development of chemical industry and since all the major petrochemical complexes are located in Maharashtra, it would be necessary to extend all the facilities to these units.

(Para. 1.11)

Many of the exporters in the State do not get necessary licences for import of many of the raw materials either because they are banned or restricted under AU policy. The raw materials, the imports of which are canalised through the State trading organisations, are not available in time and also the price at which they are offered are very high.

(Para. 1.12)

One of the major reasons for high cost of production of many items of the industry is that the international

prices of some of the raw materials used in the chemical industry are much lower than that of Indian prices. The industry pleaded that if raw materials are supplied at international or reasonable prices, cost of production will come down making our products competitive in overseas markets. Yet another factor for the high cost of production is various levies such as sales tax and octroi.

(Paras 1.13 & 1.14)

Non-availability and the high cost of requisite containers for packing are also problems faced by the industry in the State. The industry pleaded for the import of steel sheets for manufacturing barrels against exports of these items.

(Para 1.16)

2. Caustic Soda

Production and Exports

Six of the 28 units manufacturing caustic soda in the country are in Maharashtra. The total installed capacity in the country is about 5.78 lakh tonnes and that in Maharashtra about 80000 tonnes. Production of caustic soda in the State has been increasing and presently the State accounts for 28 per cent of all India production. The entire exports of caustic soda from the country amounting to Rs 35,784 during 1968-69 were from Maharashtra. Nepal is the major export market..

(Paras 2.1 to 2.6)

Problems of Production and Export

High price of mercury, a major raw material needed for the industry and the non availability of mercury in time due to delay in supplies by MITC and delay in allotment of wagons for carrying salt from Gujarat are some of the major problems faced by the industry in the State.

(Paras 2.7 & 2.8)

In view of a significant share of electricity in the cost of production of caustic soda, it is recommended that the Basic Chemicals LPC may examine the cost structure of the industry with a view to taking up the question of exemption of electricity duty and also lower electricity tariff for export production.

(Para 2.9)

Since the cost of production of caustic soda in the country is high making it uncompetitive in overseas markets, attempts should be made to use increasingly the by products

of caustic soda, i.e. chlorine and hydrochloric acid with a view to at least partially covering the loss on exports of caustic soda.

(Para 2.10)

Export Prospects

Estimates made by Planning Commission indicate an exportable surplus of 90,000 tonnes of caustic soda in the country by 1975-76 and Maharashtra would have a major share in it.

(Para 2.11)

3. Hydrochloric Acid

difficulties in procuring steel barrels. Under the existing procedure, exporters have to nominate barrel manufacturers for allocation of steel sheets against the exports of hydrochloric acid. Apart from the delay in getting the allocation of steel sheets, the prices of indigenous steel are high. It is suggested that the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council may examine the requirement of steel sheets for manufacturing steel barrels to be used for the export of hydrochloric acid and take up the question of permitting imports of these sheets against the exports of hydrochloric acid with the Ministry of Foreign Trade. Alternatively, the Ministry may consider issuing licences in favour of exporters of hydrochloric acid with a letter of authority in favour of Hindustan Steel or Minerals and Metals Trading Corporation, if the stock is readily available with them.

(Para 3.8)

Export Prospects

There is an increasing demand for hydrochloric acid abroad and the exports from the country may be about 10,000 tonnes valued at Rs 60 lakhs by 1973-74. Both Gujarat and Maharashtra would have a share in this export.

(Para 3.11)

4. Chlorine

Production and Exports

Six of the 21 units manufacturing chlorine in the country are in Maharashtra. Out of the total installed capacity in the country of about 1.9 lakh tonnes Maharashtra accounts for about 32 per cent. The State accounted for a production of 28,466 tonnes out of an all India production

of 90,000 tonnes in 1968. The entire exports of chlorine from India to the tune of Rs 2.4 lakhs in 1968-69 were from Maharashtra. The main export markets are Kuwait, Qatar and Iraq.

(Paras 4.1 to 4.3 and 4.5)

Problems of Production and Export

Due to high prices of steel sheets, the price of cylinders is also high, making the product in foreign markets uncompetitive. The surveyed units suggested that they may be allowed to import steel sheets against exports of chlorine. Alternatively, the Ministry of Foreign Trade may consider issuing licence in favour of exporters with a letter of authority either in favour of Hindustan Steel or IITC if the stock is readily available with them. As regards difficulties of getting CCP for imported cylinders from Kuwait, it is understood that Basic Chemicals IFC has already taken up with concerned Govt. authorities.

entire quantity could be exported, export earnings could be Rs 2 crores by 1973-74.

(Para 4.10)

5. Hydrogen Peroxide

Production and Exports

There is only one unit in India, situated in Maharashtra, manufacturing hydrogen peroxide with an installed capacity of about 3000 tonnes per year. The production in 1968 was 3,032 tonnes. In 1968-69, over 39 tonnes of hydrogen peroxide valued at Rs 87,320 were exported, Ceylon and UAR being the main markets.

(Paras 5.2, 5.5. & 5.6)

Problems of Production and Export

Ammonium sulphocyanide is the only imported raw material used in the manufacture of hydrogen peroxide. This raw material is not manufactured in the country. The manufacturer of hydrogen peroxide experiences considerable difficulties in procuring adequate quantity of sulphocyanide. It is therefore suggested that the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council may take up with the Ministry of Foreign Trade, the fixation of import replenishment against the exports of hydrogen peroxide enabling the imports of the requisite quantity of sulphocyanide.

(Para 5.7)

Electricity charges account for a high proportion in the cost of production of hydrogen peroxide. In order to bring down the cost of production, it is suggested that the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council may, after examination of the cost structure of the

industry, take up with the State Government, the question of exemption of electricity duty and charging lower tariff for export production.

(Para 5.8)

The excise duties of 10 per cent and 5 per cent ad valorem on sulphuric acid and caustic soda respectively, which are important raw materials in the manufacture of hydrogen peroxide, which are not refunded against export may be taken into consideration while fixing the rate of drawback for hydrogen peroxide.

(Para 5.9)

Export Prospects

With the establishment of additional capacity in the State, it may be possible to increase the exports of hydrogen peroxide to 100 tonnes valued at approximately Rs 2.2 lakhs by 1973-74,

Problems of Production and Export

Amongst the raw materials needed for the industry, the price of potassium chloride, which is supplied by the State Trading Corporation is found to be higher than international prices and delay in the issue of licences for the import of magnetite electrodes affects production. Reduction in the price of potassium chloride would reduce the cost of production of this item. Similarly, electricity supplied to the industry may be exempted from duty in view of the fact that potassium chlorate is used for the manufacture of materials needed for defence purposes.

(Paras 6.6 & 6.7)

Export Prospects

In spite of the good overseas demand for this product, in view of the increasing demand for this item in the country, export of this item can be visualised only as a long term proposition. Exports of this item would necessitate grant of expansion in the capacity to the units manufacturing this item.

(Para 6.8)

7. Sulphuric Acid

Production and Exports

There are 66 units in the organised sector manufacturing sulphuric acid of which 12 units are in Maharashtra. The total installed capacity in the country is 18.4 lakh tonnes, of which Maharashtra accounts for about 2 lakh tonnes. In 1968, the total production of sulphuric acid in the country was 984 tonnes and Maharashtra contributed 146 tonnes. The exports of sulphuric acid witnessed a

sudden rise from Rs 39,000 in 1967-68 to Rs 2.31 lakhs in 1968-69, mainly due to increased offtake by Kuwait, the share of Maharashtra in 1968-69 being 57 per cent.

(Paras 7.2 to 7.5)

Problems of Production and Export

Sulphur is the main raw material for the manufacture of sulphuric acid and the units in the organised sector obtain their requirements from the State Trading Corporation. The surveyed units suggested that adequate arrangements should be made by the STC for regular supply and distribution of sulphur at reasonable prices.

(Para 7.6)

At present, sulphuric acid is eligible for a cash assistance of 10 per cent. The cost data furnished by one of the surveyed units in support of its claim for higher cash assistance has been examined in the Confidential Report of the Survey.

Exports during 1968-69 amounted to 15,030 litres valued at Rs 2.05 lakhs. UAR, Bulgaria and Rumania constitute the main export markets.

(Paras 8.1 to 8.4)

Problems of Production and Export

Since the raw materials needed to be imported for the manufacture of this item are not included in the import replenishment scheme, the industry is facing the difficulty of getting its import requirements cleared every time from the authorities. Again in the absence of cash assistance, exports of this item do not prove to be profitable. Due to the shortage of mild steel in the country, drums in which vanadium pentoxide catalyst is packed, are also not easily available.

(Paras 8.5 to 8.8)

Export Prospects

With suitable cash assistance, exports of this item from the State can be expected to reach 70,000 litres valued at Rs 10 lakhs by 1973-74.

(Para 8.9)

9. Acetic Acid

Production and Exports

Of the 6 units manufacturing acetic acid in the country, 4 are in Maharashtra. The State accounted for 6,378 tonnes out of an all-India production of 9,243 tonnes during 1968. Exports of acetic acid both from India and Maharashtra have declined in the last three years. During 1968-69, Maharashtra accounted for 10 per cent of total exports from India.

(Paras 9.2 to 9.5)

Problems of Production and Export

The industry in the State is facing shortage of alcohol, the main raw material. The present cash assistance of 10 per cent available against exports is not reported to be adequate to make exports profitable. The cost data furnished by one of the units is examined in the Confidential Report of the Survey.

(Paras 9.6 & 9.7)

Export Prospects

With regular supply of alcohol at reasonable price and increased export assistance, exports of acetic acid from the State could be stepped up to Rs 15 lakhs by 1972-74, from the present level of Rs 6,000.

(Para 9.8)

10. Potassium Permanganate

At present, exports of potassium permanganate are eligible for cash assistance of 15 per cent and import replenishment of 75 per cent of f.o.b. value. The surveyed units indicated that the export assistance is not adequate. The cost data furnished by one of the units is examined in the Confidential Report of the Survey.

(Para 10.6)

Export Prospects

In view of the expansion plans for the capacity of the industry, it is envisaged that exports can be stepped up to a level of about 700 tonnes valued at Rs 20 lakhs by 1973-74.

(Para 10.7)

11. Aluminium Sulphate and Alum

Production and Exports

There are 31 units manufacturing aluminium sulphate and alum in the country, of which four units are situated in Maharashtra. The State accounts for 30 per cent of installed capacity for aluminium sulphate and 15 per cent for alum in the country. In terms of production, Maharashtra's share is 15% for aluminium sulphate and 37 per cent in the case of alum. Exports of aluminium sulphate and alum from India were of the order of Rs 17.9 lakhs, and Rs 1.8 lakhs respectively during 1968-69. Maharashtra's contribution amounted to Rs 13 lakhs in the case of aluminium sulphate and Rs 40,000 in respect of alum. The major markets for aluminium sulphate are UAR, Ceylon, Kenya and Ethiopia while for alum the UAR and Sudan constitute the main market.

(Paras 11.2 to 11.5)

Problems of Production and Export

Bauxite which is an important raw material has to be obtained from other States and the supplies of the same are irregular due to non-availability of railway wagons. The industry urged that for the movement of raw materials the railway authorities should accord 'D' priority in respect of allotment of wagons.

(Paras 11.6 & 11.8)

The industry reported that prices of gunny bags had gone up in the recent past and this had adversely affected the cost of production. It was desired that for export packaging, the raw materials should be made available at suitable prices. It is suggested that the mechanism for the supply of the packing materials to the industry at suitable prices may be evolved by the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council.

12. Borax and Boric Acid

Production and Exports

Borax and boric acid are being produced in the country by one unit in Maharashtra. The installed capacity for borax is 12,700 tonnes and for boric acid, 1,500 tonnes per annum and the production of these two items in 1968 amounted to 6,384 tonnes and 1,008 tonnes respectively. During 1966, about 213 tonnes of borax valued at Rs 1.9 lakhs were exported. There are no exports since then, mainly due to our uncompetitive prices.

(Paras 12.2 to 12.4)

Export Prospects

Although domestic consumption of borax and boric acid is likely to increase in future, in view of the anticipated expansion in the capacity of these items in the State, it may be possible to export 1,000 tonnes of borax and 100 tonnes of boric acid by 1973-74.

(Para 12.5)

13. Bichromates

Production and Exports

There are four large scale units in the country of which three are located in Maharashtra. The installed capacity of the industry in the country is 8,400 tonnes of which Maharashtra accounts for 5,400 tonnes. The production in India was of the order of 7,900 tonnes in 1968 of which 5,300 tonnes were produced in Maharashtra. Exports of bichromates from India (i.e. all from Maharashtra) were about Rs 40,000 in 1968-69. The main export markets are Iran, Iraq, Syria and New Zealand.

(Paras 13.2 to 13.4)

Export Prospects

Export prospects for these items would depend upon how far production cost could be reduced. If necessary facilities are given to the industry, it is anticipated that exports will be of the order of 100 tonnes valued at Rs 3 lakhs by 1973-74.

(Para 13.12)

14. Sodium HydrosulphiteProduction and Exports

Four units have been licensed to manufacture sodium hydrosulphite in the country of which one is located in Maharashtra. The total installed capacity in the country is 13,220 tonnes of which the capacity of the units in Maharashtra is 8,000 tonnes. Production of hydrosulphite in India amounted to 5,400 tonnes during 1968 of which Maharashtra contributed about 4,000 tonnes. UAR was the only market in 1967-68 importing sodium hydrosulphite worth Rs 5 lakhs from India. In 1968-69, however, the exports were 'nil'. Entire exports were made by the unit in Maharashtra.

(Paras 14.1 to 14.3)

Problems of Production and Export

Sodium hydrosulphite faces the problem of transportation of salt from the Saurashtra region. Further, procurement of sulphur and mercury from the MMTC poses a major problem.

(Paras 14.5 & 14.7)

At present, there is no cash assistance on the export of this item. The cost data furnished by the industry for fixation of suitable cash assistance is examined in the Confidential Report of the Report.

(Para 14.C)

Export Prospects

With the envisaged increase in capacity, the industry in Maharashtra would be able to export about 300 tonnes valued at Rs 10 lakhs by 1973-74.

(Para 14.9)

15. Ethyl Alcohol

400 PPM. In the absence of any economic process, the problem of reduction of BOD value of the spent wash is acute.

(Para 15.7)

The distilleries in various states including Maharashtra have to pay heavy excise establishment charges amounting to about Rs 50,000 per unit, per year. The industry has suggested that these establishment charges should be allowed to be added to the prices fixed under the Ethyl Alcohol (Price Control) Order, 1968.

(Para 15.8)

The stringent excise regulations were framed when ethyl-alcohol was mainly used in the manufacture of potable liquor. Further, the variations in excise duties in various states are causing hardships to the distilleries in marketing their finished products. The industry has urged for uniform excise regulations in the country keeping in view its use as industrial raw material.

(Para 15.9)

At present, the exports of ethyl alcohol are entitled to a cash assistance of 10 per cent. The claim of the industry for enhanced cash assistance has been examined in the Confidential Report of the Survey.

(Para 15.12)

Export Prospects

The future demand for ethyl alcohol as an industrial raw material in the country is likely to be adversely affected with the establishment of petro-chemical complexes. In view of the anticipated production of 300,000 kilolitres by 1973-74, it may be possible to have larger surpluses for

exports in a couple of years. It is expected that about 40,000 kilolitres (Rs 1.8 crores) of ethyl alcohol would be available for exports from the country. Of this, at least 9,000 kilolitres (Rs 40 lakhs) from Maharashtra could be exported.

(Para 15.13)

16. Barium Salts

Production and Exports

Out of the six units manufacturing barium salts in the country, two are in Maharashtra. The total production of barium salts in the State is of the order of 4,000 tonnes per annum. The entire exports of barium chloride and barium sulphate to the tune of Rs 27,200 and Rs 1,500 respectively in 1968-69 were from the State.

(Paras 16.2 to 16.5)

Problems of Production and Export

In the supply of both indigenous raw materials such as barytes, steam coal and soda ash and imported raw materials such as mercury and sulphur, the industry is facing difficulties on account of the non availability of railway wagons in time for transportation and on account of the irregular and insufficient supplies of imported raw materials from the USSR.

Export Prospects

With suitable export assistance and consequent reduction in the cost of production, the State can look forward to exports of Rs 1 lakh worth of barium salts by 1973-74.

(Para 16.8)

17. Zinc SaltsProduction and Exports

There are seven units in India manufacturing zinc salts of which three are situated in Maharashtra. The installed capacity for zinc chloride in the country is 1,240 tonnes of which Maharashtra accounts for 600 tonnes. The capacity for zinc sulphate is 1,000 tonnes in the country of which Maharashtra accounts for 750 tonnes. Almost 80 per cent of the production of zinc sulphate in the country is accounted for by Maharashtra. In case of Zinc chloride, the State accounts for 25 to 30 per cent of the production. Of the two salts, only zinc sulphate is being currently exported from the country. Exports from India (all from Maharashtra) were of the order of Rs 3.5 lakhs during 1968-69. Ceylon is the only market where it is being currently exported.

(Paras 17.1 to 17.3 & 17.5)

Problems of Production and Export

Licences for Zinc are issued on a restricted basis. Even in regard to export promotion licences, there is a maximum limit of Rs 5,000. The industry pleaded that there should not be any limit as far as export promotion licences are concerned.

(Para 17.6)

Zinc salts are eligible for import replenishment of 60 per cent of the f.o.b. value. There is no cash assistance on exports. The claim of the industry for suitable cash assistance has been examined in the Confidential Report of the Survey.

(Para 17.8)

Sailings for Colombo are announced many a time but are subsequently cancelled. This results in delay in shipments.

(Para 17.10)

Export Prospects

If suitable cash assistance is given exports of Zinc sulphate could be stepped up to 5 6.5 lacs by 1973-74. As regards Zinc chloride, it was pointed out that Indian prices being uncompetitive, it could be difficult to export this item for quite sometime.

(Para 17.11)

18. Carbon Tetrachloride

Problems of Production and Export

The main problem faced by the units in the State is the non-availability of power on a continuous basis. Again, most of the manufacturing units are in the initial stages of production and are facing problems of corrosion, chocking, etc.

(Para 18.6)

Export Prospects

It will be difficult to assess the export prospects at this stage because exports are possible only when the internal requirements are met fully.

(Para 18.7)

19. PetrochemicalsProduction and Exports

There are two main petrochemical complexes in the State. These manufacture a number of chemicals which serve as raw materials for the manufacture of various intermediates and chemicals by other processing units within the complex and units outside the complex. India is currently exporting only some of the organic solvents manufactured by petrochemical complexes. Exports during 1968-69 amounted to Rs 25,500.

(Paras 19.1 to 19.8)

Problems of Production and Export

Naptha is one of the most important raw materials. It is estimated that in Maharashtra the shortage of this material would be of the order of 6 lakh tonnes by 1975. In order to relieve the shortage, measures such as increasing the crude shortput of the refineries, processing of lighter crudes, adjusting cut points to

increase naptha yields and cracking heavy oils would be necessary. The two private sector refineries operating in the State should be given every encouragement to boost the production of naptha.

(Paras 19.9 to 19.11)

There are frequent power cuts experienced by the petrochemical complexes in the State resulting in heavy losses in production. It is therefore essential that the

State Government should make adequate arrangements for the supply of electricity to these units.

(Para 19.12)

In view of the fact that heavy initial expenses are involved in setting up a petrochemical complex or its expansion, the State Government should make long term loans available to the entrepreneurs through

The construction of the Thana Creek Bridge which would help chemicals industry in Thana to a great extent is being delayed for a considerable time. The State Government should take adequate steps to get this bridge built up expeditiously.

(Para 19.16)

Export Prospects:

As the petrochemicals industry in India is still busy in equipping itself to meet the requirements of chemicals industry in the country, it would be difficult to assess the export potential at this stage.

(Para 19.17)

20. Manganese Sulphate

Production and Exports

There are three units producing manganese sulphate in the State. The installed capacity is 500 tonnes per annum. Production amounted to 325 tonnes during 1968. Exports from India (all from Maharashtra) amounted to Rs 62,000 in 1968-69.

(Paras 20.2 to 20.5)

Problems of Production and Export

In view of the small scale nature of the industry in the State, the manufacturers find it difficult to get regular supplies of raw materials such as manganese dioxide and sulphuric acid. The excise duty on sulphuric acid (10 per cent) which is passed on to them by the suppliers, is not refunded against exports imposing considerable burden on the industry. Lack of export marketing information and lack of adequate finance are the other problems faced.

by the industry in the State

(Para 20.6)

Export Prospects

If adequate assistance is extended to the industry, it should be possible to step up exports to 100 tonnes valued at Rs 1 lakh by 1973-74.

(Para 20.7)

the advanced countries. Also a continuous study of overseas markets would be necessary.

(Para 21.11 & 21.14)

The Survey indicated that there was a need for an analytical laboratory in Bombay for testing basic drugs and pharmaceuticals and chemicals.

(Para 21.12)

The management of medicinal herbs and plantation in the country should be improved to cater to the modern drugs industry. Also if the crude drugs are sent in the form of fine chemicals and extracts, these would bring more foreign exchange.

(Para 21.13)

Export Prospects

The industry has expressed confidence that if certain difficulties as mentioned earlier are solved, the industry can raise its exports and fulfil the obligation to export a minimum 5 per cent of its production as envisaged in Government policies.

(Para 21.15)

Problems of Production and Export

Lemon grass, from which lemon grass oil, an important raw material for the industry, is extracted, is grown only in Kerala and due to the high internal demand for lemon grass oil from other user industries, such as soaps, its prices have shot up in recent years. Since the Konkan region in the State has been found suitable for growing lemon grass, the State Forest Department may try plantation of this crop in the State. Lemon grass oil itself is an export item. In order to relieve the pressure on lemon grass oil, (as it is also used in cosmetics etc.) the Forest Department may explore setting up plantations of rosha oil in the State.

(Paras 22.7 & 22.8)

Since the present export incentives of 15 per cent cash assistance and 20 per cent import replenishment are not fully covering the cost of production of beta ionone in the country, regular supply of lemon grass oil at reasonable prices would be an additional incentive for the promotion of exports.

(Para 22.9)

Export Prospects

If facilities are made available to the industry, it should be possible to envisage an export of 80 tonnes of beta ionone from the State by 1973-74.

(Para 22.10)

23. Vitamin-AProduction and Exports

Vitamin-A is being manufactured by two units in the country, both of which are located in Bombay. The total installed capacity of the industry of 25 MTU is being utilised fully and the production in 1968 amounted to 30 MTU. Pakistan was the main export market upto 1965. During 1968-69 exports amounted to Rs 1.280 and Kenya, Sudan and Ethiopia constituted the major markets.

(Paras 23.2 to 23.5)

Export Prospects

Vitamin-A is manufactured from beta carotene, which itself is being exported in significant quantities from the country presumably for its conversion into Vitamin A. Although some improvement in the export performance in respect of Vitamin-A from the country may be expected in view of the export obligation of the industry, prospects of any substantial increase in the exports are not encouraging.

(Para 23.7)

24. Vitamin B-12

During 1967-68 exports of vitamin B-12 amounted to 30 kgs valued at Rs 20,512. Practically the entire exports were from Maharashtra. During 1968-69, however, there were no exports from the State. The principal export markets are Austria, Kenya, Malaysia, Qatar and the USA.

(Paras 24.1 to 24.3)

Problems of Production and Export

Non-availability of adequate quantity of beet molasses is the main problem of the industry hampering the production programmes of the units.

(Para 24.4)

Vitamin B-12 is eligible for a cash assistance of 15 per cent and import replenishment of 20 per cent of f.o.b. value, plus an additional cash assistance of 5 per cent for improved export performance. The industry pointed out that the import replenishment is inadequate.

(Para 24.5)

The industry has been facing considerable difficulty in obtaining the packaging material such as glass vials and bottles, printed cartons, grey board boxes, corrugated boxes, wooden cases, aluminium foils, etc. particularly at short notice. The Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council may examine the packaging requirements of the industry and take up with the Ministry of Foreign Trade the question of allowing import of packaging materials within the replenishment scheme.

(Para 24.6)

Export Prospects

The internal demand for vitamin B-12 is on the increase. The prospects of exports will therefore become bright only after the internal demand is completely met.

(Para 24.7)

25. Bismuth Salts

Production and Exports

There are five units in the country manufacturing various bismuth salts. One unit in Bombay manufactures bismuth carbonate and nitrate. The installed capacity of all bismuth salts in Maharashtra is of the order of 62,000 kgs. The production of bismuth salts in the State amounted to 4,447 kgs in 1968. Exports of bismuth salts from India increased considerably from Rs 5,000 in 1966-67 to Rs 2.8 lakhs in 1968-69. The Survey revealed that exports from Maharashtra increased from Rs 1.04 lakhs in 1968 to Rs 1.31 lakhs in 1969. Netherlands accounted for over 55 per cent of the total exports, followed by UAR and West Germany.

(Para 25.2 to 25.6)

Problems of Production and Export

Non-availability of bismuth metal in adequate quantities and at reasonable prices has been hampering the manufacture of bismuth salts in the State. Manufacturers have to purchase raw materials in the open market at exorbitant prices.

(Para 25.7 & 25.8)

The industry pleaded that the present export incentives and import replenishment rates are not adequate and that bismuth metal should be supplied at international prices.

(Para 25.9)

Export Prospects

If the basic raw material viz., bismuth metal is made available, the industry is confident that exports would increase to about Rs 65 lakhs by 1973-74.

(Para 25.10)

26. Citric AcidProduction and Exports

There is only one unit in the country, situated in Maharashtra, manufacturing citric acid, with an installed capacity of 1,500 tonnes per year. The production in 1968-69 amounted to only 167 tonnes. There were no exports in 1968-69 and insignificant exports in the earlier years.

(Paras 26.2 & 26.3)

Problems of Production and Export

The major problem is the non-availability of essential raw material, i.e. calcium nitrate.

(Para 26.5)

At present citric acid is not entitled to any export assistance. The cost data furnished in support of fixing suitable cash assistance for this item has been examined in the Confidential Report of the Survey.

(Para 26.7)

Export Prospects

The citric acid industry in the State is on the threshold of production. Research work on the possibility of manufacturing citric acid from sugarcane molasses is in progress. It is therefore very difficult to assess the export prospects at this stage.

(Paras 26.6 & 26.8)

27 Medicinal Castor Oil

Production and Exports

There are 5 units in the country engaged in manufacturing medicinal castor oil, 3 of them located in Maharashtra. The total installed capacity of the units in Maharashtra is around 7,500 tonnes, as against that of 48,000 tonnes in the country. Production of castor oil in the country is around 35,000 tonnes, of which Maharashtra accounts for about 4,920 tonnes. Exports of medicinal castor oil amounted to Rs 79 lakhs during 1968-69. Exports from Maharashtra amounted to Rs 43 lakhs. Castor oil BP is exported to a number of countries including Australia, Ceylon, Kenya, UAR, UK, Malaysia, Tanzania, Philippines, Hungary and Poland.

(Paras 27.1 to 27.3)

Problems of Production and Export

The industry has not been able to obtain the import of raw materials such as castor seed, activated fullers earth, hyflosuper-cell, citric acid, and aromatic chemicals. As regards castor seeds, these are procured from different states and the manufacturers in Bombay are required to pay the octroi of Rs 10 per tonne. The industry pleaded that if this duty is refunded on exports of castor oil BP, it would bring relief to the industry.

(Paras 27.4 & 27.5)

Even though the medicinal castor oil exported from India conforms in every respect to the BP standard, the foreign authorities do not pass this item as medicinal castor oil. It would be in the interest of the export trade that

ISI and Agmark authorities may consider having a separate standard for castor oil meant for exports so as to enable the industry to claim incentive on exports as in the case of other pharmaceutical products.

(Para 27.6)

Medicinal castor oil is eligible for an import replenishment of 5 per cent of f.o.b. value. There is no cash assistance on exports. The industry pleaded that it should be treated as a pharmaceutical product and as such should be eligible for cash assistance. The cost data furnished by one of the units in support of its claim has been examined in the Confidential Report of the Survey.

(Para 27.7)

The manufacturers have been finding it difficult to procure steel drums for packing castor oil meant for exports. The industry suggested that it should be allowed to import steel sheets for fabrication for export packing.

(Para 27.8)

In case of shipments of bulk the steamers having deep tanks are not available for export consignments. This item should be given cargo treatment and that water should not be carried through these tanks, as is presently done.

(Para 27.9)

There is considerable scope for the by-products of castor oil industry, viz., fatty acids like heptaldehyde, undecylenic acid and alpha amyl, cinnamic aldehyde which have wide usages in perfumery, toiletries, cosmetics ar

insecticides manufacturing industries. The Government of Maharashtra should encourage the manufacturers of castor oil, who could develop these by-products for exports.

(Para 27.10)

Export Prospects

If necessary assistance is extended to this industry, it would be possible to step up the exports of this item to a level of Rs 4 to 5 crores from the State by the end of Fourth Plan.

(Para 27.11)

28. Salicylic Acid

Production and Exports

In India, salicylic acid is produced by two units, both in Maharashtra, with an installed capacity of 850 tonnes on a single shift basis. The production in 1968 was 1,459 tonnes. The exports declined from 10 tonnes in 1965-66 to 1 tonne valued at Rs 6,963 in 1968-69, mainly due to growing internal demand. The exports were mainly directed to Uganda and Ceylon.

(Paras 23.2, 23.3, 23.5 & 23.6)

Problems of Production and Export

The exports of salicylic acid are entitled to import replenishment of 20 per cent and a cash remittance of 10 per cent of the f.o.b. value. It was indicated during the Survey that the export assistance was not adequate. The cost data furnished in this connection has been omitted in the Confidential Report of the Survey.

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Export Prospects

With requisite expansion in capacity and adequate export incentives, it may be possible to export about 100 tonnes of salicylic acid valued at Rs 6 lakhs from the State by 1973-74.

(Para 28.9)

29. Emetine HydrochlorideProduction and Exports

There are two manufacturers of emetine hydrochloride in India, one in Maharashtra at Bombay and the other in West Bengal. The total installed capacity of the industry is 590 kgs, of which the unit in Maharashtra accounts for 150 kgs. During 1968, production of emetine hydrochloride in the country amounted to 312 kgs, Maharashtra accounting almost for 1/3 of the total production. Exports of alkaloids of emetine amounted to about Rs 6 lakhs in 1968-69, of which Maharashtra accounted for Rs 5 lakhs. The main markets for these alkaloids are UK, Thailand, UAR and USA.

(Paras 29.1 to 29.5)

Problems of Production and Export

The industry in Maharashtra faces shortage of ipecac roots which are obtained from West Bengal. These roots are auctioned by the Government of West Bengal. During the auction, purchases are sometimes made for exports at a low price. It is suggested that the Government of West Bengal should ensure that the requirements of ipecac roots of emetine manufacturers are met fully before the same is allowed to be exported.

(Para 29.6)

Export Prospects

If supply of ipceac roots is ensured, export prospects for this costliest drug are bright.

(Para 29.7)

30. PapainProduction and Exports

There are six small scale manufacturers in the country of which four are in Maharashtra. The total installed capacity of papain in the country is about 60 tonnes per year. The production in Maharashtra is about 20 tonnes per annum. Although a new item, during 1968-69, 3,948 kgs. of papain valued at Rs 1.65 lakhs were exported from the country, mostly to USA and Maharashtra accounted for the entire exports.

(Paras 30.1 to 30.4)

Problems of Production and Export

At present, the industry has not been able to utilise its full capacity on account of shortage of papaya fruit. It is suggested that the Department of Agriculture may take steps to increase plantation of papaya in Nashik, Aurangabad and Jalgaon region.

(Para 30.5)

The present cash assistance of 15 per cent is reported to be not enough. The cost data furnished by one of the units has been examined in the Confidential Report of the Survey.

(Para 30.6)

The manufacturers in the State are not aware of the marketing opportunities for papain in foreign countries. It is, therefore, suggested that the Basic Chemicals, Pharmaceuticals & Soaps Export Promotion Council may include this item in their future programmes of overseas market surveys.

(Para 30.7)

Export Prospects

As a result of expansion plans of certain units, exportable surplus of 50 tonnes of papain valuing Rs 20 lakhs would be available by 1973-74.

(Para 30.8)

31. Sera and Vaccines

Production and Exports

There are 6 units in India manufacturing various types of sera and vaccines of which 3 are in Maharashtra. The Haffkine Institute in Bombay is an important State Government unit manufacturing various types of sera and vaccines. The Institute has a capacity to manufacture 20 lakh ml. of sera and 150 lakhs of vaccines. While production of sera by the Institute amounted to 20 lakh ml. in 1968-69, production of vaccines amounted to 132 lakh ml. Exports of sera and vaccines from the country amounted to Rs 2.5 lakhs in 1968-69 of which Maharashtra accounted for Rs 1.4 lakhs. Exports from Maharashtra consisted of various types of vaccines, toxins and antislake venom. The main markets for all vaccines and antislake venom are South East Asian countries.

(Paras 31.1 to 31.4)

Problems of Production and Export

The Haffkine Institute is facing difficulties in getting the import of raw materials for the manufacture of sera and vaccines. Haffkine Institute is not in a position to meet the requirements of horse blood by the indigenous manufacturers of tetanus antitoxin. The Government of Maharashtra may sanction necessary funds for the purchase of additional horses by the Institute.

(Para 31.5 & 31.6)

The production of anti bacterial vaccines is just equal to the capacity which is sufficient for internal requirements. If exports are to be undertaken the capacity of the units in the State has to be expanded.

(Para 31.7)

The ban on exports of human plasma has imposed difficulties on the unit manufacturing this item. It was reported that the unit in Maharashtra will be able to meet the internal requirements of human plasma in the country and as such the ban should be lifted.

(Para 31.8)

Export Prospects

The exports of sera and vaccines from the State are likely to increase at a faster rate. Items such as antiserum venom, blood plasma, diphtheria antitoxin and tetanus antitoxin, have good export prospects in overseas markets.

(Para 31.9)

32. Soaps, Cosmetics, Toiletries and Perfumery Compounds

Maharashtra accounts for a major share of production of soaps, cosmetics, toiletries and perfumery compounds as well as in their exports. The exports of these products from the country were about Rs 1.55 crores in 1968-69, and Maharashtra accounted for 53 per cent.

(Paras 32.1 & 32.2)

I. Soaps

Production and Exports

Maharashtra accounts for over 50 per cent of the installed capacity of soaps of 0.24 million tonnes in the organised sector in the country. The production of soaps in the organised sector in the State in 1968 was 98,902 tonnes as against 187,203 tonnes in the country. The non-power sector in the State produces more than double the output by tonnage in the organised sector. The exports of soaps from India have shown a steady rise over the past few years. Maharashtra accounted for 46 per cent of the total exports of soaps of Rs 73.9 lakhs in 1968-69 from the country. Nepal was the most important export market.

(Paras 32.5 to 32.7)

II. Synthetic Detergents

Production and Exports

The installed capacity of synthetic detergents in the country is 30,480 tonnes and the production has increased considerably during the last few years and reached over 17,000 tonnes in 1968. Maharashtra accounts for more than 70 per cent of the production in the country. Exports of detergents

from India declined considerably from Rs 13.8 lakhs in 1966-67 to Rs 38,000 in 1968-69, Maharashtra accounting for the entire exports.

(Para 32.8 & 32.9)

III. Cosmetics and Toiletries

Production and Exports

Maharashtra accounts for more than 90 per cent of the production of tooth paste, 80 per cent of soap, face cream and face powder and over half of toilet and talcum powders in the country in the organised sector. Foreign technical know-how has played a very important role in the development of this industry in the State. The exports of cosmetics and toiletries, comprising mainly, hair oils, talcum powder, dentifrices and hair shampoos, increased from Rs 36.2 lakhs in 1966-67 to Rs 56.6 lakhs in 1968-69, the share of Maharashtra being about 55 per cent.

(Para 32.13 to 32.16)

IV. Perfumery Compounds and Flavouring Essences

Production and Exports

Maharashtra accounts for a predominant share in the production of perfumery compounds and flavouring essences in the organised sector, the current production being 261 tonnes of perfumery compounds and 232 tonnes of flavouring essences. The production in the small scale sector in the State of perfumery compounds and flavouring essences is estimated at Rs 75 lakhs and Rs 10 lakhs respectively. The exports from India of perfumery compounds and flavouring

essences increased from Rs 15 lakhs in 1966-67 to over Rs 20 lakhs in 1968-69. The share of Maharashtra increased significantly from 27 per cent to 90 per cent in the same period.

(Paras 32.19, 32.21 & 32.22)

Problems of Production

The soap industry is faced with the problem of inadequate supply and high prices of major raw materials, both indigenous and imported, such as vegetable oils, caustic soda, tallow, etc. The development of palm plantations in Kerala and Mysore may provide to the soap industry a steady indigenous source of supply of palm oil, which is currently being imported. There is also considerable scope for the utilisation of non-edible oils in the manufacture of soap and efforts will have to be made to organise the collection of non-edible oil seeds through cooperative societies and local bodies in the State.

(Paras 32.24 to 32.27)

The very high prices of indigenous raw materials, particularly ethylene oxide and sodium tripolyphosphate (STPP) in the manufacture of synthetic detergents have adversely affected the exports of synthetic detergents from the country. It is understood that the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council (CHEMEXCIL) is exploring the possibility of making available ethylene oxide and STPP to the manufacturers at international prices for export production.

(Para 32.29)

Citronella oil is an important raw material for the manufacture of aromatic chemicals. Inadequate supply and high price of indigenous citronella oil and its restricted imports, have adversely affected the supply and prices of hydroxy citronella, geraniol and citronellal which are important raw materials in the formulation of perfumery compounds. In view of the significant impact, the prices of these raw materials have on the cost of production of perfumery compounds for exports, the CHEMEXCIL may explore the possibility of making available geraniol and citronellal at international prices. The State Government may also encourage the development of citronellal resources in the State, in the cooperative sector, if necessary, by making available adequate land and other facilities.

(Paras 32.31 & 32.32)

Problems of Export

The manufacturers of cosmetics and toiletries indicated that often they get orders from importers wherein the designs of containers are also specified. In many cases, it becomes difficult for them to execute such orders. It is understood that the CHEMEXCIL has already taken up with the Ministry of Foreign Trade, the inclusion of specific containers in the shopping list for cosmetics and toiletries.

(Paras 32.33)

The exporters of soaps pleaded for a cash rebate of 25 per cent on the exports of soaps to offset the increase in the prices of raw materials. The exporters of flavour essences pointed out that the current import rebate of 10 per cent is inadequate as the import content is

Malawi, etc. There are also considerable prospects of exports from India of flavouring essences and perfumery compounds to the countries of the Far and Middle East.

(Paras 32.43 to 32.47)

33. Pesticides

Production and Exports

There are 158 units, 35 in the organised sector, manufacturing various technical grade pesticides and formulations in the country and 60 of them are located in Maharashtra, 23 being large scale units. The total installed capacity in the country for the manufacture of technical grade pesticides during 1968 was 56,858 tonnes and the actual production amounted to about 16,073 tonnes. Of the total production, Maharashtra accounted for 7,823 tonnes. Exports of pesticides from India are not significant and mainly consist of BHC dust, zinc phosphide and formulations based on DDT, parathion and organic mercurial salts. In 1968-69, exports of pesticides from India of Rs 4.09 lakhs were mainly directed to Malaysia, Ceylon, Singapore, Thailand, Indonesia and Sudan, and Maharashtra accounted for about 50 per cent of the total exports.

(Paras 33.3, 33.5 & 33.7)

Problem of Production

The high cost of technical grade pesticides in India has made the pesticide formulations uncompetitive in foreign markets.

(Para 33.10)

For exploring markets for pesticides, a study of climatic conditions and agricultural practices in various countries is necessary. It is suggested that the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council may, in association with the Pesticides Association of India, sponsor market surveys for collecting technical and marketing information in the countries of South East Asia and East Africa.

(Para 33.17)

Export Prospects

In view of the domestic requirements as well as the high cost of production, immediate prospects for exports of pesticides and formulations are limited.

(Para 33.18)

34. Paints and Pigments

Production and Exports

Maharashtra is the second leading producer of paints and pigments in the country, West Bengal being the first. The installed capacity for paints, varnishes and lacquers in the organised sector in the country was 1.08 lakh tonnes during 1968. Maharashtra, with the production of about 30,000 tonnes in 1968, accounted for 45 per cent of the production of paints in the country in the organised sector. In the small scale sector, of the total production of 13,000 tonnes, the share of the State was estimated at 5,030 tonnes. The exports of paints, pigments and wire enamels from India in 1967-68 were 12.12 crore, Maharashtra accounting for 10 per cent.

Wire enamel, with the export of Rs 1.10 crores, was the leading item of export, the entire exports being from the State. The USSR was an important customer for these items.

(Paras 34.2, 34.7 & 34.8 to 34.11)

Problems of Production

The major problems of the industry are high prices and inadequate availability of important raw materials, both indigenous and imported, such as titanium dioxide, mineral turpentine, xylene, zinc oxide and non-ferrous metals. There is a need for adequate imports of titanium dioxide and quick release of mineral turpentine from Koyali Refinery at international price, for export production.

(Paras 34.14 to 34.17)

Toluene manufactured indigenously, may be used in place of xylene. However, its quality is not satisfactory. It is suggested that M/s Hindustan Steel Ltd., in consultation with the paint manufacturers may try to improve the quality of toluene.

(Para 34.18)

In foreign countries, a new chemical 'composite titanium pigment', manufactured from industrial waste of the aluminium industry in the form of red mud and bauxite sludge, has been developed, as a substitute for zinc oxide and titanium dioxide. It is suggested that the State Government may explore the feasibility of establishing a plant for the manufacture of 'composite titanium' in the State.

(Para 34.20)

In order to increase productivity and reduce cost, the industry may be allowed to import machinery, such as, Peril Machine (wet grinding machine) and Drais Rotator Rapid Ball Mill, under the Scheme of import of capital goods for export oriented units and necessary import licences may be granted expeditiously.

(Paras 34.24 & 34.25)

The paint industry in the State is faced with the paucity of trained operatives and technicians. It is suggested that in addition to increasing adequately, the number of seats for the Diploma Course in Paint Technology at the Technical Institute, Fergusson College, Poona, a certificate course in Paint Technology may be introduced in a few technical schools in the State. The State Directorate of Industries may take this up with the Directorate of Technical Education, Maharashtra.

(Para 34.27)

The prices of packaging materials in the country are higher by 75 to 50 per cent than the international prices. It is suggested that the Chemicals and Allied Products Export Promotion Council may examine the feasibility of grant of ad-hoc import licences for packaging materials against export orders. Alternatively, the Council may examine the enhancement of import rebate on paints, varnishes and enamels, by 5 per cent to the industry's packaging requirements.

(Para 34.28)

Problem of Export.

The industry has urged that the present export rebate on the exports of paints and pigments is inadequate. The data furnished by some of the units in support of this

for higher cash assistance has been examined in the Confidential Report of the Survey.

(Para 34.30)

The warehousing facilities at the Port of Bombay are reportedly inadequate. The freight rates charged by the Conference Lines are high and discriminatory and paints are given low priority in the allotment of shipping space due to their classification as semi-hazardous cargo. It is suggested that the Western India Shippers' Association may take up the case of the paint industry with the concerned Conference Lines for the reduction of freight rates and relaxation of restrictions on acceptance of paint cargoes for export.

(Paras 34.31 & 34.32)

The small and medium scale units may combine together and appoint overseas agents to strengthen their export effort. The State Directorate of Industries may assist the units in the formation of an export marketing group.

(Para 34.33)

Export Prospects

Organic pigments, synthetic resins, food lacquers and specialised paints have good prospects for exports from Maharashtra. Exports of paints from the State may increase from the present level of Rs 1.5 crores to Rs 2.5 crores by 1973-74, provided the offtake from the USSR continues as at present. The exports from the State of pigments are also expected to rise from the present level of Rs 18 lakhs to Rs 65 lakhs by the end of the Fourth Plan.

(Para 34.38)

Marine Paints

Production and Exports

Maharashtra produced about 900 tonnes of marine paints in 1968-69 and supplied Rs 12.5 lakhs worth to the shipping companies at Bombay Port. Figures of exports of marine paints from the country are not available.

(Paras 34.40 to 34.42)

Export Prospects

The high cost of important raw materials have made the marine paints from the country, uncompetitive in overseas markets. The exports, however, could be stepped up, if a country like Yugoslavia, which is manufacturing ships for India, could be persuaded to use Indian paints.

(Paras 34.45 to 34.47)

35. Super Phosphates and Mixed Fertilisers

Production and Exports

There are 31 units producing super phosphates and mixed fertilisers in the country of which 28 units are in Maharashtra. The installed capacity in the organised sector in the country for the production of super phosphates and mixed fertilisers was 180,000 tonnes during 1968, and the actual production amounted to 122,033 tonnes. The production in Maharashtra was around 40 per cent of the total production. No exports of super phosphates and mixed fertilisers have been made so far because exports of these items are allowed "on merit" only.

(Paras 35.3 to 35.5)

Problems of Production and Export

The main problem of this industry is the inadequate supply of imported raw materials like sulphur. As the licences to import are granted from time to time, strictly on the basis of firm price offers made by overseas suppliers, the prices of super phosphates and fertilisers are subject to fluctuations. Moreover due to inflated estimated demands made by the Government authorities, huge imports of super phosphates and mixed fertilisers are still being made, which have forced the indigenous manufacturers to work below capacity and have restrained them from offering long term credits to farmers. Therefore a correct assessment of the fertiliser requirements from our farm output should be made so as to curtail excess imports and plan actual requirements of other raw materials.

(Paras 35.6 to 35.8)

Export Prospects

The export prospects for super phosphates and fertilisers would largely depend on the extent to which the Government would like to encourage exports. There are good prospects in South East Asian and West Asian countries.

(Para 35.10)

36. Gun Powder

Production and Exports

There are two manufacturers of gun powder in India, one in Maharashtra and the other in West Bengal. The unit in Maharashtra has an installed capacity of 150 tonnes of gun powder and 36 lakhs of safety fuse coils. In 1968-69, about 127 tonnes of gun powder valued at Rs 3.8 lakhs and

over 32 lakhs safety fuse coils valued at Rs 2.1 lakhs were produced in the State. Gun powder is not being exported from the country as the entire production is required to meet the internal demand of the Ministry of Defence and of the manufacturers of crackers and safety fuses.

(Paras 36.2 to 36.5)

Problems of Production and Export

Gilsonite, an important raw material, is on the restricted list of imports. The manufacturers have to buy this at exorbitant prices in the local market.

(Paras 36.6 & 36.7)

Export Prospects

In view of the increasing internal demand, there is hardly any surplus left for exports.

(Para 36.9)

37. Dyes and Dyestuffs

Production and Exports

There are 24 units in the organised sector manufacturing dyes in the country of which 16 units are located in Maharashtra. The installed capacity of the industry in the country amounted to 15391 tonnes during 1967, of which Maharashtra accounted for 2105 tonnes. It is estimated that during 1969, the total production of dyes and dyestuffs in the country was about 15,000 tonnes. Production in Maharashtra amounted to 8500 tonnes. Of the total exports of dyes and dyestuffs from the country during 1968-69 amounting to Rs 122 lakhs, exports from the State were of the order of Rs 74 lakhs.

(Paras 37.3 to 37.17)

The ocean freight rates charged on the dyestuffs and intermediates are quite high as these are calculated on the volume basis and its incidence is five times more than the freight rates calculated on weight basis. The charges of freight to one destination from different ports in India is also widely different. The Western Indian Shippers' Association should take up the question of reduction in freight rates for these items with the Conference Lines.

(Paras 37.24 & 37.25)

The industry is also experiencing considerable delay in receiving advance import licences for a few raw materials, components and parts to meet specific export orders, specially for canalised items through STC or MITC. The Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council should assess the total requirements of materials by this industry and recommend to the Ministry of Foreign Trade for their imports in advance and to be stocked with STC.

(Para 37.26)

Export Prospects

The industry is already exporting dyes and intermediates to many developed countries and the prospects are good for bright colour items. The exports from Maharashtra are expected to reach Rs 2.0 crores by 1973-74.

(Para 37.27)

38. Textile Auxiliaries

Production and Exports

There are 13 units manufacturing textile auxiliaries borne on the list of DGTD out of a total estimated number of 50 units. In Maharashtra, there are 35 units. The production of textile auxiliaries in the country was around 14000 tonnes

Problem of Production and Export

The main problem of the industry is the non-availability of basic raw materials like sodium nitrite, bromine, benzene, sodium naphthionate, H-acid, J-acid, Gamma acid, Urca etc., which are allowed to be imported on restricted basis. Some of the indigenous manufacturers of these items, who have commenced the production in a small way, are supplying these at exorbitant prices. There is also a vast price difference (nearly 80 per cent more) in the landed cost of the imported materials and the price charged by STC. In the open market, the prices are nearly double the STC price. The indigenous prices of few other materials like naphthalene are steadily increasing every year. The industry is unable to maintain fixed production programmes on account of this. It is suggested that before recommending to the Ministry of Foreign Trade, the imposition of restrictions, etc. on the raw materials, the DGTD should ensure a smooth supply of indigenous raw materials, anticipating possibilities like temporary shut down by a few units producing the raw materials. As the industry is also experiencing supplies of raw materials of poor quality containing impurities, the DGTD may compare the qualities of imported and indigenous raw materials before recommending restrictions on imports.

(Paras 37.11 to 37.17)

In spite of the fact that ISI is actively engaged in formulating standards for dyes and dyestuffs, the manufacturing units are of the view that unless the quality of the raw materials are improved, there will be of no avail to the industry. The small scale units as also units in the large scale sector should avail of the opportunities available at the National Chemical Laboratory for the development of a uniform dyes and dyes.

(Paras 37.19 to 37.21)

during 1969. Maharashtra's share in the country's production is estimated to be 85 per cent. Textile auxiliaries worth Rs 13.56 lakhs were exported from India during 1968-69, of which nearly Rs 10 lakhs worth were exported from the State.

(Paras 38.2 to 38.4)

Problems of Production and Export

The industry is receiving irregular supplies of sulphuric acid, urea and formaldehyde. The import of sulphuric acid is banned. The manufacturers have to pay exorbitant prices for the indigenous raw materials, like ethylene, glycols, polyglycols etc. It is suggested that the Basic Chemicals Pharmaceuticals and Soaps Export Promotion Council should evolve a scheme by which the exporters could ensure supply of raw materials at international prices for export production.

(Para 38.5)

There are limitations placed on the industry such as 50 per cent of the imports should be under USAID credit and under U.S. flag vessels, etc., involving procedural difficulties. Due to restrictions on imports of items like ethananclozines and alkali benzine required for detergents, the licences to expand are also rejected. Taking into account the increasing internal and export demands for textile auxiliaries, the expansion of large scale units will have to be considered. In this respect preference may be given to such units who undertake to export at least 10 per cent of their production.

(Paras 38.6 to 38.8)

The existing rate of import replenishment of 20 per cent falls short of the actual import content in the textile auxiliaries. The cash assistance is not available to all types of textile auxiliaries. The Basic Chemicals EPC has already taken up this issue with the Ministry of Foreign Trade

(Paras 38.10 & 38)

Export Prospects

If necessary assistance as outlined earlier is extended to this industry, exports from Maharashtra will reach a level of Rs 50 lakhs by 1973-74.

(Para 38.13)

39. Plastics

I. PVC Leather Cloth and Sheeting

Production and Exports

There are 7 manufacturers of PVC leather cloth and sheeting in the country. There are 6 units in Maharashtra. The installed capacity of the industry in the country is 12550 Kms. The production of PVC leather cloth and sheeting in the State during 1966-69 was estimated at Rs 2.45 crores against the all-India production of Rs 6.83 crores, with utilisation capacity at 97 per cent. Of the total exports of Rs 99.48 lakhs, the exports from the State were to the tune of Rs 98.27 lakhs.

(Paras 39.3 to 39)

Problems of Production and Export

The industry procures the PVC grade resin from indigenous sources at very high prices compared to Japan, Italy and West Germany, which has made the Indian products

uncompetitive in the overseas markets. The competitors are also using more sophisticated machinery for the production of foam leather cloth and vinyl cloth, the absence of which is a handicap to the Indian industry. The larger sizes of PVC leather cloth, above 54" width, could not be manufactured in India due to lack of machinery and this has a better export market. The industry has therefore urged special funds to be allocated for the purpose of importing better machinery. The DGTD should assess the requirements of machinery for this industry and make recommendations to the concerned Ministries.

(Para 39.11 & 39.12)

The overseas markets are taking advantage of the inter-se competition among the Indian exporters and in this connection the PLEXCONCIL is already working out a scheme to fix minimum export prices for PVC leather cloth and sheeting.

(Para 39.14)

Export Prospects

The export performance of this industry is very encouraging and it is estimated that the exports up to 1973-74 from the country will surpass the target of Rs 2.0 crores fixed by PLEXCONCIL. Maharashtra will account for bulk of the exports.

(Para 39.15)

II. Laminates

Production and Exports

accounts for 3200 tonnes. The production in the country during 1968-69 was worth Rs 5.18 crores of which laminates worth Rs 1.02 crores were produced in Maharashtra. The exports during 1968-69 from the country was around Rs 16.45 lakhs of which the exports from the State amounted to Rs 13.6 lakhs.

(Para 39.16 to 39.18)

Problems of Production and Export

The industry is experiencing severe shortage of imported decorative papers. Because of the scarcity, our competitors have an edge over India in offering varieties of laminates in the export market. The prices of indigenous raw materials are also very high compared to those from Japan and Italy, rendering the Indian laminates uneconomical in overseas markets.

(Para 39.19)

Export Prospects

The exports of laminates have made a good beginning. The export of laminates from the State by 1973-74 is expected to reach Rs 1.8 crores.

(Para 39.21)

III. Spectacle Frames

Production and Exports

the production in Maharashtra was Rs 2.59 lakhs. The exports during 1968-69 from the country amounted to Rs 14.63 lakhs and Maharashtra accounted for Rs 12.39 lakhs.

(Paras 39.23 to 39.26)

Problems of Production and Export

Due to high import content in the export worthy spectacle frames, the industry reported the inadequacy of the existing import replenishment rate. One of the imported raw materials like CN sheets is not properly processed due to lack of imported machinery.

(Paras 39.27 & 39.28)

The current cash assistance of 10 per cent is reported to be inadequate. The cost data furnished by one of the units has been examined in the confidential Report of the Survey.

(Para 39.29)

Export Prospects

The spectacle frames manufactured in India have found good markets in advanced countries like the U.K. and the USSR. The prospects are also bright in other European countries. The exports of spectacle frames from Maharashtra State are expected to be of the order of Rs 80 lakhs by 1973-74.

(Para 39.30)

IV. Bangles

Production and Exports

There are roughly about 630 plastic bangle manufacturers in the country. In Maharashtra, there are about 370 manufacturers of whom more than 260 are estimated to be in the cottage scale sector. The production of bangles

in Maharashtra was estimated at Rs 140 lakhs during 1968-69. Of the total exports of bangles from India during 1968-69 worth Rs 17.24 lakhs, the exports from the State amounted to Rs 15.9 lakhs.

(Paras 39.32 to 39.36)

Problems of Production and Export

The bangle industry in the State is experiencing difficulties in procuring the indigenous raw materials like aluminium foils. There are difficulties in obtaining import licences for raw materials such as CR sheets, tetra chloroethene, acetone, etc.

Due to rationalisation, the port charges have also increased from Rs 3 per case to Rs 50 per case, which is much more than what this non-traditional item can sustain. It is suggested that the port authorities should consider a substantial reduction of these charges. The existing cash assistance of 10 per cent is reported to be inadequate. The cost data furnished by one of the units is examined in the confidential Volume of the Report.

(Paras 39.37 to 39.39)

Export Prospects

The export performance of the bangle industry has shown a steady increase from the past and consequently it is estimated that exports from the state will reach Rs 75 lakhs by 1973-74.

(Para 39.40)

V. Plastic Moulded, Extruded & PVC Fabricated Goods

There are about 38 units in India producing these products in organised sector. There are 186 units in Maharashtra of which 13 units are in the organised sector. During 1968-69, the production of the plastic moulded goods, extruded goods and the PVC fabricated goods in Maharashtra state was Rs 315 lakhs, Rs 140 lakhs and Rs 43 lakhs respectively. Of the total all-India exports of Rs 75.20 lakhs for all the three items, the exports from Maharashtra amounted to Rs 65.6 lakhs.

(Paras 39.42 to 39.44)

Problems of Production and Export

There is an acute shortage of larger moulding machines, moulds and tools for making the moulds for the industry. With the smaller moulding machines, the demand for larger plastic moulded hollow ware could not be met, particularly in the export markets. The delivery schedules quoted by indigenous mould makers are too long. Further, these are supplied at high prices. The PLEXCONCIL, having seized of the problem, has already taken up the issue with the Ministry of Foreign Trade.

(Para 39.46)

Export Prospects

The Indian producers have well established their export markets by offering varieties of plastic moulded, extruded and PVC fabricated goods. The export of these from Maharashtra is expected to reach a level of Rs 2.25 crores by 1973-74.

(Para 39.47)

VI. Fountain Pens and Ball Pens

Production and Exports

It is estimated that there are more than over 100 units, mostly in small scale and cottage sectors in the country. In Maharashtra, there are 64 units. The production of fountain pens and ball pens in Maharashtra was estimated to be worth Rs 450 lakhs during 1968-69. Of the total exports of fountain pens and ball pens from the country during 1968-69 amounting to Rs 14.3 lakhs, exports from Maharashtra were Rs 14.1 lakhs.

(Paras 39.49 to 39.51)

Problems of Production and Export

Some of the raw materials like GAB powder, brass tubes, pen points, acrylic fibre tips, and anodising colours, etc. are banned for A.U imports. The quality of indigenous raw materials is not satisfactory.

(Para 39.52)

Export Prospects

The exports of fountain pens and ball pens from the State are expected to be around Rs 60 lakhs by 1973-74.

(Para 39.53)

VII. Imitation Jewellery

Production and Exports

There are 69 units registered with the State Directorate of Industries out of an estimated total of 100 in the country. Though actual production figures

are not available, it is estimated that the production of imitation jewellery in Maharashtra was around Rs 60 lakhs during 1968-69. The production has been on the increase during the last 3 years. The entire exports of imitation jewellery from the country during 1968-69 amounting to Rs 12.8 lakhs have been from Maharashtra.

(Paras 39.54 to 39.56)

Export Prospects

The demand for the imitation jewellery made in India is good in the countries in East and West Africa and other Persian Gulf countries. With a good beginning that has been made, it is anticipated that the exports of imitation jewellery from the State will reach Rs 25 lakhs by 1973-74.

(Para 39.58)

VIII. Plastic Raw Materials

Production and Exports

There are in all 25 units in India manufacturing plastic raw materials, mostly in the organised sector. Of these, 11 units are located in Maharashtra. The production of phenol formaldehyde moulding powder and urea formaldehyde powder in the country during 1968-69 was 3910 tonnes and 1480 tonnes respectively. Of these, Maharashtra accounted for 1800 tonnes and 750 tonnes respectively. Of the production of 3680 tonnes of plasticizers in the country, a quantity of 1900 tonnes was produced in Maharashtra during 1968-69. Of the total production of 5942 tonnes of polystyrene moulding powder and 13960 of PVC resin/compound in the country during 1968-69, Maharashtra accounted for 2900 tonnes and 7500 tonnes

respectively. The total exports of all plastic raw materials from India amounted to Rs 143.9 lakhs, the exports from Maharashtra being Rs 134.6 lakhs.

(Para 39.59 to 39.63)

Problems of Production and Export

The industry is experiencing considerable difficulties due to restricted imports of raw materials like UF resin, urea propylene, glycols, etc. The indigenous machinery for producing various grades of plastic raw materials is also inadequate and machinery like grade balancing equipment for phenolic resins and UF moulding powder and processing equipment for PVC resin etc. is lacking with the industry.

(Para 39.65 & 39.66)

Due to high cost of production, and also due to the absence of cash assistance on the exports of plastic raw materials like polystyrene moulding powder, PVC compounds, UF and MF moulding powder, etc. the industry is handicapped considerably. The actual import content in these is also higher than the existing import replenishment rate. This has already been taken up by PLAXCONCIL with the Ministry of Foreign Trade.

(Para 39.67 & 39.68)

Export Prospects

The prospects are bright for the plastic raw materials in the African countries. The exports from Maharashtra are expected to reach a level of Rs 3 crores by 1973-74.

(Para 39.69)

40. Paper and Paper Products

Production and Exports

There are 58 units in the country, the largest number 14 being in Maharashtra. The installed capacity for printing and writing paper in the country during 1968 amounted to 730,080 tonnes of which Maharashtra accounted for about 78,410. Of the 14 units in the State, only one unit situated in Balharshah is an integrated unit having an installed capacity of 45,000 tonnes per year. Exports of various types of paper from India amounted to Rs 3.4 crores during 1968-69. Exports from Maharashtra amounted to Rs 40 lakhs. The major export markets are Burma, Indonesia, Iran, Nepal, UAR, Hong Kong, Thailand and Malaysia.

(Paras 40.2 to 40.6)

Problems of Production and Export

The royalty rate of bamboos has increased from Rs 5 to Rs 8 per tonne during the last 5 years. The cost of collecting the raw materials by the integrated unit has also increased as the unit has to exploit virgin forest situated far away from the mill. The industry in Maharashtra desired fixation of reasonable rates of royalty for forest products and also long term lease for forest areas to be exploited and developed by themselves. These proposals have revenue applications and as such the State Directorate of Industries may examine them in consultation with the Departments of Forest and the industry. As an interim measure, the State Government may consider the possibility of refunding royalty charged on bamboo utilised for export production. As regards waste paper, which is the main raw material for small units in the State, the Surveyed units preferred to have long term contracts with the Government.

(Paras 40.8 to 40.12)

The present cash assistance of 10 per cent (plus an additional cash assistance of 5 per cent for improved export performance) considered to be inadequate. The cc data furnished in support of the claim has been analysed in the Confidential Report of the Survey.

(Para 40.15)

Export Prospects

In view of the bright prospects for increasing exports of paper from India to neighbouring markets, it anticipated that exports from Maharashtra may reach a l of Rs 1 crore by 1973-74.

(Para 40.16)

II. Paper Cones

There are 13 manufacturers of paper cones in Maharashtra. Information regarding the capacity and production was not available during the Survey. Export of paper cones (all from Maharashtra) amounted to Rs 53. lakhs during 1958-69, UAR accounting practically for all the entire exports.

(Paras 40.17 & 40.18)

Problems of Production and Export

The available sailings from India to UAR under Indo-UAR Trade Agreement, are not sufficient to meet the demand of the exporters.

(Para 40.19)

There are very good market opportunities for various types of paper cones. The industry in Maharashtra is confident of exporting various types of cones worth Rs 1 crore by 1973-74.

(Para 40.21)

III. Exercise Books, Drawing Books, Registers, Account Books, Note Books, etc.

Production and Exports

There are about 75 units manufacturing exercise books, drawing books, note books, etc. in the State, and the production of each unit varies from Rs 3 lakhs to 50 lakhs per annum. Exports of exercise books, note books, etc. amounted to Rs 15.6 lakhs during 1968-69 of which the share of Maharashtra amounted to Rs 3.1 lakhs. Nepal, Afghanistan, Kuwait and South Yemen constitute the major export markets.

(Paras 40.22 to 40.24)

Problems of Production and Export

... On account of various factors such as decontrol of paper, shift by the paper mills of the production from 48-54 gsm to 56 gsm, supply of creamwove paper instead of white printing paper and reduction in the discount allowed to exercise books manufacturers, the cost of production has increased by 40 per cent. The industry pointed out that under such circumstances, it would be difficult to undertake any large scale exports.

(Paras 40.25 to 40.27)

The existing rate of cash assistance of 10 per cent was reported to be inadequate. The cost data furnished by the Book Manufacturers Association in support of its claim for higher cash assistance has been examined in the Confidential Report of the Survey.

(Para 40.23)

The industry pleaded that there should be a separate rate of drawback for cover paper and that the entire excise duty should be refunded on exports. It is understood that CAPEXIL has already taken up this question.

(Para 40.29)

The surveyed units are finding it difficult to nominate AU licence holders for their import replenishment licences. The CAPEXIL may take up the case of these items for inclusion in the list of items mentioned in paragraph 11 of Import Trade Control Policy, Volume II.

(Para 40.30)

Export Prospects

In view of the considerable export prospects which exist for these items in the neighbouring African and Gulf countries, the industry is hopeful of achieving a target of about Rs 15 lakhs by 1973-74.

(Para 40.31)

IV. Carbon Paper

Production and Exports

There are 7 units manufacturing carbon paper in the country of which 2 units are located in Maharashtra. The State accounts for about 70 per cent of total production of 6,000 tonnes of carbon paper during 1968. Exports of carbon paper from India amounted to Rs 12.1 lakhs of which the share of Maharashtra amounted to Rs 7 lakhs. The main markets for Indian carbon paper are South Vietnam, Kenya, Indonesia, Malaysia, UAR, etc.

(Para 40.32 to 40.34)

V. Stencil Paper

Production and Exports

There are 3 units manufacturing stencil paper in India of which 2 are in Maharashtra. The total production of stencil paper in India during 1968 amounted to 98,124 reams and Maharashtra accounted for 60 per cent of the same. Exports of stencil paper amounted to Rs 13.2 lakhs during 1968-69. Exports from Maharashtra amounted to Rs 10.2 lakhs. The major export markets are UAR, Burma, Nepal, and Indonesia.

(Paras 40.41 to 40.44)

Problems of Production and Export

The difficulties regarding imports under USAID licences mentioned earlier are applicable to this item as well.

(Para 40.45)

In view of the continuous decline in our exports to UAR, it is suggested that this item may be included in the schedule of items under Indo-UAR Trade Agreement.

(Para 40.47)

Export Prospects

The exports of stencil paper from the State may reach a level of Rs 20 lakhs by 1973-74.

(Para 40.48)

Problems of Production and Export

The stipulation to the effect that a minimum quantity should be imported against USAID licences and the high prices of various raw materials under these licences are the major problems faced by the industry in the State.

(Para 40.36)

In order to keep abreast with the technical developments in the developed countries, there is a need to import necessary equipment and machinery.

(Para 40.37)

The shopping list against import replenishment for this item has not been indicated separately in the Import Trade Control Policy and as such exporters have been facing considerable difficulties in the import of certain raw materials. The CAPEXIL may assess the requirements of various raw materials for this industry and take up the question of specifying them against import replenishment with the Ministry of Foreign Trade.

(Para 40.38)

Various developments have taken place in the manufacture of different types of carbon paper in the USA, Canada and Japan. These developments will have to be taken into account by the industry in the State.

(Para 40.39)

Export Prospects

It is anticipated that exports from Maharashtra will be of the order of 12 lakhs by 1975-76.

(Para 40.40)

VI. Playing Cards

Production and Exports

There are 30 small scale units in the country engaged in the manufacture of playing cards. There are 10 units in Maharashtra. The present installed capacity of the industry in the State is estimated at Rs 2 lakh gross per annum, and the production is estimated at 80,000 gross. Exports of playing cards during 1968-69 amounted to Rs 1.6 lakhs of which Maharashtra accounted for about 1.5 lakhs. The main export markets are South Yemen and Sudan.

(Paras 40.49 to 40.52)

Problems of Production and Export

Due to the inadequate supply and high price of indigenous black centred art card and inadequate drawback on imported art card, the industry has been able to export only playing cards made out of pulp board, chrome board, etc.

(Para 40.53)

In order to compete in world markets, there is a need to import certain machinery.

(Para 40.54)

The uniform rates of duty drawback of 45 paise per kg is unscientific as it is not related to the different qualities of the board used in playing cards. Separate duty drawbacks should be fixed for different categories of board and full duty drawback should be allowed on exports of playing cards made from imported black centred art card. There is a need to allow drawback on wastage.

(Paras 40.55 and 40.56)

The existing cash assistance of 10 per cent was considered to be inadequate. It is understood that the CAPLIXIL has already taken up this question.

(Para 40.57)

Export Prospects

It may be possible to increase the export earnings from the State from the present level of Rs 1.5 lakhs to about Rs 10 lakhs provided regular supplies of raw material import of necessary machinery and rationalisation of drawback rates are assured to the industry.

(Para 40.58)

VII. Greeting Cards and Picture Post Cards

Production and Exports

There are about 2,000 printing presses in the State. There are 8 major exporters of greeting cards and picture post cards from the State. Exports of greeting cards, picture post cards, etc. from the country amounted to Rs 4.6 lakhs during 1968-69 and Maharashtra's share amounted to Rs 3.2 lakhs. The major export markets are Kenya, Tanzania, Uganda, USA and Bahrain.

(Paras 40.59 and 40.60)

Elements of Production and Export

The indigenous art board was reported to be of poor quality. The AU licences in respect of raw materials such as cartridge boards, ivory cards, etc. were reported to be inadequate.

(Para 40.61)

The existing cash assistance of 10 per cent was considered to be inadequate in view of the continuous rise in paper prices. Similarly, the import replenishment of 20 per cent was reported to be less as compared to that available for art calendars (40 per cent) when both were using the same raw material and the same processing methods. The CAPEXIL has already taken up the question of increased import replenishment to the industry with the Ministry of Foreign Trade.

(Paras 40.62 & 40.63)

The exporters of greeting cards, picture post cards etc. have been facing similar difficulties as mentioned earlier in regard to nomination. The CAPEXIL may take up the case of inclusion of these items in the list contained in paragraph 11 of Import Trade Control Policy, Volume II.

(Para 40.64)

The drawback rates have not been fixed up scientifically. The drawback rates for products made out of art or chrome paper, art or chrome board or of any other imported paper or board should be increased by taking into account the customs duty paid on such papers or boards.

(Paras 40.65 & 40.66)

The present import policy does not permit product development essential for exports to sophisticated markets. Sufficient flexibility should be introduced in the policy permitting imports of new types of paper.

(Para 40.67)

In order to effect significant exports of these items, the CAPEXIL may have to sponsor as many sales-cum-study teams as possible.

(Para 40.68)

Export Prospects

In view of the considerable possibilities of exporting greeting cards and picture post cards to North America, Western Europe, South East Asia, it should be possible to export Rs 20 lakhs worth of these items from the State by 1973-74.

(Para 40.70)

VIII. Job Printing

Job printing work for foreign customers to the tune of Rs 6 lakhs to Rs 7 lakhs is being done in the country every year and Maharashtra accounts for almost 90 per cent of this. In view of the advantage India has in the form of cheap-labour, there is good scope for earning foreign exchange through job printing, provided some difficulties faced by the industry are solved.

paper used in printing and drawback should be given even if the imported paper is purchased locally and not directly imported; some printers who handle global publicity on behalf of international corporations get paid in foreign exchange but in the absence of proof of exports, they are not able to claim export incentives; this anomaly in the rules may have to be rectified and for the development of the printing industry, a separate organisation on the lines of Press Council may have to be set up.

(Para 40.71)

Export Prospects

With the solving of some of the difficulties being faced by the industry, it should be possible for the printing industry in the State to reach an export target of Rs 70 to 75 lakhs by 1973-74.

(Para 40.72)

IX. Paper Cups & Saucers

There are 29 units manufacturing paper cups and saucers in the country, of which 5 units are located in Maharashtra. The total installed capacity of the industry in the country is estimated at around Rs 90 lakhs. The capacity utilisation of the industry in the State is about 60 per cent. The only unit exporting these products in the country is in Maharashtra and its exports have risen from Rs 60,000 to Rs 1.2 lakhs between 1966-67 and 1968-69. The major export markets are Kuwait, Bahrein, Kenya, Uganda and Tanzania.

(Paras 40.73 to 40.75)

Problems of Production and Export

41. Ceramic ProductsI. Glazed TilesProduction and Exports

Maharashtra is the pioneer in glazed tiles industry. Out of the 4 factories in India, Maharashtra has 3 factories of medium scale. The installed capacity of the industry in the country is of the order of 10,000 tonnes. The production of glazed tiles in India amounted to 13,529 tonnes of which Maharashtra accounted for 11,294 tonnes during 1968. Exports, which are mainly from Maharashtra, amounted to Rs 6.1 lakhs during 1968-69. The main export markets are Thailand, Kuwait, Aden, Bahrain and Malaysia.

(Paras 41.4 to 41.8)

Problems of Production and Export

The demand for glazed tiles in construction activities is continuously rising. It is learnt that for expansion of the capacity of the industry, Government has laid down a condition that 25 per cent of the annual production should be exported. The industry suggested that the export stipulation may be brought down to a more modest level.

.(Para 41.9)

There is a need to instal more imported kilns so as to enable the industry to reduce the fuel cost.

(Para 41.10)

There are difficulties in obtaining railway wagons in time for bringing the materials such as ball clay, china clay, lime stone, quartz, etc. from outside the State. The CAPEXIL may examine the difficulties being experienced by the exporters in the transportation of the raw materials and take up the matter with Railway Board.

(Para 41.12)

The existing cash assistance of 10 per cent (plus an additional 10 per cent for improved export performance) is felt inadequate by the industry. The cost data furnished by one of the units has been examined in the Confidential Report of the Survey.

(Para 41.13)

The industry is entitled to an import replenishment of 50 per cent of the f.o.b. value. The industry has to import stains and ceramic colours in addition to spare parts of imported ceramic machinery and kiln. The CAPEXIL may examine the adequacy of the present import replenishment to the industry.

(Para 41.14)

The rates of drawback for white and coloured glazed tiles have not been fixed so far. It is suggested that the CAPEXIL may approach the Director of Drawbacks Ministry of Finance for an early fixation of duty drawback.

(Para 41.15)

The industry has been faced with the problem of high and discriminatory freight rates. It is suggested that the CAPEXIL and Western India Shippers' Association may approach the concerned Conference Lines for the reduction of shipping freight rates.

(Para 41.16)

Export Prospects

In view of the very good demand for coloured and designed glazed tiles in the neighbouring markets, it is anticipated that exports from the State will be of the order of Rs 20 lakhs by 1973-74.

(Para 41.17)

II. Stoneware Pipes

Production and Exports

There are 20 large scale units in the country of which one unit producing stoneware pipes is in Maharashtra. The installed capacity of the industry in the country amounts to about 72,000 tonnes. The State accounted for 5 per cent of India's total production of 56,524 tonnes during 1968. Exports of stoneware pipes from India amounted to about Rs 2 lakhs in 1968-69. Maharashtra accounted for 60 per cent of the total exports from the country. The main export markets are Kuwait, Ceylon, Kenya and Mauritius.

(Paras 41.19 to 41.22)

Problems of Production and Export

There is no export promotion scheme for stoneware pipes and fittings. In the absence of cash assistance, exports of stoneware pipes would be only at a loss.

The cost data furnished by a unit for support of its claim has been examined in the confidential report of the Survey.

(Para 41.24)

The foreign countries prefer to import stoneware pipes on c.i.f. basis as these are bulky and fragile items. The insurance companies in India are not willing to insure these products for breakage risks. It is suggested that the CAPEXIL may take up the question of export insurance with the Marine Department of the I.I.C.

(Para 41.25)

Export Prospects

If the industry is given suitable export assistance, it may be possible to effect exports to the tune of about ₹ 10 lakhs by 1973-74 from the State.

(Para 41.26)

III. Asbestos Cement Products

Production and Exports

Problems of Production and Export

The main problem of the industry is the non-availability of suitable grades of asbestos fibre in required quantities. Further, the high price of indigenous cement makes the finished products uncompetitive in international markets. It is suggested that the CAPEXIL may take up the question of supplying cement to the industry at international prices for export production.

(Paras 41.34 & 41.35)

The drawback rates for asbestos cement sheets have not been fixed so far, resulting in the blocking of substantial amount of money with the Government. It is suggested that the CAPEXIL may take up the question with the Director of Drawbacks, Ministry of Finance.

(Para 41.36)

The existing rate of cash assistance (i.e. 10 per cent) is reported to be inadequate. The cost data furnished by the unit in this connection has been examined in the Confidential Report of the Survey.

(Para 41.37)

High ocean freight rates have been hampering this industry in their export effort. As freight is charged on volume basis, it accounts for about 40 per cent of the f.o.b. value. It is suggested that the CAPEXIL and the Western India Shippers' Association may approach the Conference Lines for charging freight on the basis of weight.

(Para 41.38)

Asbestos cement products is one of the items which is worst affected by high insurance rates on exports. The insurance companies are charging as high as 15 per cent of the c.i.f. value.

(Para 41.39)

Export Prospects

Exports from Maharashtra could be stepped up to about Rs 6 lakhs by 1973-74 if the main problems facing the industry are solved expeditiously.

(Para 41.40)

IV. Cement Mosaic Tiles

Production and Exports

There are 86 units producing flooring and roofing tiles in Maharashtra. There are at present no exports of cement mosaic tiles from the country.

(Paras 41.42 to 41.44)

Problems of Production and Export

The quality of the indigenous marble chips is reported to be unsatisfactory. The Indian colours are also not fast.

(Para 41.45)

The main reason for the high cost of production of the industry is absence of latest automatic machinery for manufacturing and processing purposes.

(Para 41.46)

There is no export promotion scheme for this product. It is suggested that the CAPEXIL may examine the cost structure of the industry and take up the question of export assistance with the Ministry of Foreign Trade.

(Para 41.47)

High ocean freight rates appear to be the biggest hurdle in the way of exports. The CAPEXIL and the Western India Shippers' Association may approach the concerned Conference Lines for the reduction in freight rates.

(Paras 41.48 & 41.49)

Export Prospects

Exports of cement mosaic tiles from the State could be of the order of Rs 4 to 5 lakhs within a couple of years if the main problems of the industry are solved quickly.

(Para 41.51)

42. Glass and Glassware

I. Vacuum Flasks

Production and Exports

There are 8 units manufacturing vacuum flasks in the country of which 4 units are in Maharashtra. The installed capacity in the organised sector is 21.6 lakh numbers per annum. It is estimated that the production of vacuum flasks including the inneres in Maharashtra amounts to Rs 20 lakhs per annum. Of the total exports of Rs 3.3 lakhs worth of vacuum flasks from the country, exports from Maharashtra were Rs 1.50 lakhs during 1968. The major export markets are Kenya, Australia, Kuwait, Sudan, Yugoslavia and Ghana.

(Paras 42.3 to 42.6)

Problems of Export

The present cash assistance of 10 per cent is reported to be inadequate. The industry is finding it difficult to

quote CIF prices as the freight rates are high compared to other countries.

(Para 42.8)

Export Prospects

It is expected that exports of vacuum flasks from Maharashtra will be of the order of Rs 30 lakhs by 1973-74.

(Para 42.11)

II. Laboratory Glassware

Production and Exports

There are 67 units in India manufacturing laboratory glassware, of which 12 units are in Maharashtra. It is estimated that the present rate of production of laboratory glassware in Maharashtra is of the order of Rs 80 lakhs per annum. India exported laboratory glassware worth Rs 2.32 lakhs during 1968-69 of which, the exports from the State amounted to Rs 45,000.

(Paras 42.12 to 42.15)

Export Prospects

Burma, Hongkong, Australia, Singapore, Malaysia etc. offer excellent prospects for the laboratory glassware made in the State. It is estimated that by 1973-74, exports from Maharashtra will reach a level of Rs 10 lakhs.

(Para 42.17)

III. Vials and Ampoules

Production and Exports

There are 100 units in India manufacturing vials and ampoules. In Maharashtra, there are about 10 units. Of the estimated production of vials and ampoules worth Rs 1.25 to 1.50 crores in the country during 1968, the production from Maharashtra is estimated to be around Rs 70 lakhs. The exports of vials and ampoules from India in 1968-69 were of the order of Rs 38 lakhs. The exports from Maharashtra were worth Rs 20 lakhs approximately during that year.

(Paras 42.20 & 42.21)

Problem of Production and Export

The machinery installed in India by the industry is mostly automatic posing problems of maintenance. These are to run round the clock and the industry is handicapped for want of imported spares. The life of the furnace with the indigenous refractories is not more than 12 months and this could be improved if the imported refractories are provided. The vials and ampoules are light in weight. As the freight is on value, the incidence of freight on exports is high.

(Paras 42.23 & 42.24)

Export Prospects

Many countries where the drugs and pharmaceuticals industry is coming up, offer good prospects for vials and ampoules manufactured in India. The exports from the State are expected to reach a level of Rs 40 lakhs by 1973-74.

(Para 42.25)

IV. Mirrors and Decorative Glass

Production and Exports

There are 20 units manufacturing sheet glass, decorative, rolled and wired glass in the country. There are 3 units in Maharashtra. The production of mirrors in the country is estimated at Rs 80 to 85 lakhs during 1968-69, of which the Maharashtra's share is around Rs 35 lakhs. The exports from India were worth Rs 18.74 lakhs during 1968-69 and Maharashtra's exports amounted to nearly Rs 1 lakh.

(Para 42.26 to 42.29)

Problems of Production and Export

The industry lacks machinery like double nozzle sprayer, gum end natural stone roller grinder, which could be useful for improving the quality of the products. The import of these could be considered either against import replenishment or under the scheme for the import of capital goods.

(Para 42.31)

The industry has to block up a sizeable amount on exports as no drawback duty is fixed for the mirrors and decorative glassware. The CAPEXIL may take up this matter with the Ministry of Foreign Trade.

(Para 42.32)

Export Prospects

While the prospects for the exports of mirrors are so good due to severe competition from Belgium and China, the export prospects for decorative glassware appear bright in the UK, USA, Singapore, Malaysia etc., where the Indian workmanship is held in high esteem. The exports of these from the State are expected to be around Rs 1.75 lakhs by 19

(Para 42.34)

VOLUME IV

OTHER PRODUCTS

1. Bananas

Production

India ranks third in the production of bananas in the world. While all-India production of bananas is of the order of 27 lakh tonnes, Maharashtra State accounts for 5.5 lakh tonnes. The area under production of banana in the State during 1968-69 was estimated to be of the order of 29,786 hectares. Banana cultivation is concentrated mainly in the five districts of Jalgaon, Parbhani, Thana, Nanded and Aurangabad of which Jalgaon district alone accounts for about 57 per cent of the total area under banana cultivation. With an average yield rate of 55 tonnes as against the State average of 32 tonnes per hectare Jalgaon leads other districts. During the Fourth Plan Period it is proposed to increase the area under banana cultivation in the State by 16,200 hectares. A centrally sponsored scheme for increasing production of bananas for export purposes at a cost of Rs 25.66 lakhs has been proposed for inclusion in the Fourth Plan.

(Paras 1.2 to 1.7)

In Maharashtra State there are 12 commercially important and popular varieties of bananas. The largest area under bananas in the State is the Basrai or the Shendurni variety followed by Harichal variety.

(Para 1.8)

Exports

Kuwait and Bahrein Islands are important buyers of Indian bananas. Exports undertaken by the Federations of Banana Growers' Cooperatives of Gujarat and Maharashtra account for about 75 per cent of total exports from the country and those by merchant exporters for the rest. Shipments of bananas are effected by the cooperatives in their own vessels. Maharashtra accounts for 60 per cent of India's exports. These are mainly effected by the Jalgaon District Fruit Sale Societies Cooperative Federation.

(Paras 1.10 to 1.12)

A break-through in the exports of bananas to the USSR came in 1965. But due to the closure of Suez Canal exports could not be undertaken to USSR. Trial shipments to Japan undertaken during 1967 were successful.

(Paras 1.13 & 1.14)

Problems of Production

Though Maharashtra does not grow the internationally popular varieties it has succeeded in exporting the Basrai and Harichal varieties to Gulf countries, the USSR and Japan. In the exports of bananas to Japan, the difficulty in meeting the requirement of the Japanese buyer that the weight of each banana hand should not be less than 1.5 kg. appears to have been removed.

(Paras 1.19 & 1.20)

In spite of the growing domestic demand, efforts to sustain the existing overseas markets and explore new markets for bananas should be continued. There is therefore an imperative need for increasing production by bringing more area under

banana cultivation, increasing the field yields and providing various other infrastructure facilities to aid exports. In this context the Jalgaon Federation's Scheme suggesting (1) construction of all weather feeder roads from plantation areas to rail heads, (2) supply of manures and chemical fertilisers, (3) supply of water by constructing percolation tanks, (4) making available electricity and (5) setting up a research centre for conducting research on varieties, manuring and cultivation practices merits urgent consideration. The Survey has recommended that an Export Development Block may be created in the banana growing talukas of the Jalgaon district with the assistance from the State and Central Governments and the Jalgaon Federation's schemes may be incorporated in the development of the block.

(Paras 1.21 to 1.27)

Problems of Export

The technological feasibility of producing paper boxes from banana stems should be examined by the State Government

(Para 1.29)

For speedier and safer movement of bananas from Jalgaon district to Bombay by rail, the Railway authorities should provide during the season good ventilated wagons with wooden flooring.

(Para 1.30)

Cold storage facilities at the port for storing bananas awaiting shipment are necessary. The Bombay Port Trust authorities, it is learnt, have agreed to allocate land for the construction of cold storage on its premises. In order to avoid damage to bananas caused by manual handling mechanical elevators for lifting bananas from cold storage to ship holds would be necessary.

(Para 1.31)

For promoting export of bananas to distant destinations the State Government may consider granting subsidy in ocean freight to cooperative organisations.

(Para 1.32)

In order to study the various techniques developed by the South American countries for developing their banana trade, a study team consisting of representatives of the co-operative societies should be sent to these countries.

(Para 1.33)

Advantage may be taken of the Expo-'70, Osaka fair to undertake publicity in Japan. Documentary films on Indian bananas may be prepared by the State Government and exhibited in the Indian pavilion.

(Para 1.34)

The import duty on banana in Japan is as high as 30 per cent ad valorem. The Ministry of Foreign Trade may make attempts to get this tariff reduced in future GATT negotiation.

(Para 1.35)

Pending the creation of an All India Organisation as recommended by the Indian Institute of Foreign Trade Survey on Fresh and Processed Fruits and Vegetables, the Jalgaon Federation should be given the facilities of an Export House and it should be entrusted with the task of undertaking export to Japan, West Europe, Yugoslavia and the USSR besides accelerating exports to the Gulf countries. The State Trading Corporation may associate itself with the Federation in the initial stages of exports to Japan, West Europe, Yugoslavia and USSR.

(Paras 1.36 & 1.37)

Possibilities should be explored for undertaking exports of bananas to East European markets including the USSR via Cape of Good Hope. Considering the long distance and the high ocean freight rates involved in the export of bananas to these markets, the Government of Maharashtra may prevail upon the Shipping Corporation of India to buy fast moving reefer vessels each with a capacity of about 1,000 to 1,500 tonnes for plying them regularly to these destinations.

(Para 1.38)

Export Prospects

Out of an estimated total exports of 1 lakh tonnes of bananas from the country by 1975-76, Maharashtra's share may be placed at 45,000 tonnes per annum valued at Rs 4.5 crores by 1973-74.

(Para 1.40)

2. Mangoes

Production

Total area under mango cultivation in the country was nearly 7.5 lakh hectares with a total production of nearly 7 million tonnes. In Maharashtra the total area under mango crop in 1968-69 was estimated at nearly 17,000 hectares. But the area under fruit bearing plantation was about 12,000 hectares producing about 1.2 lakh tonnes of mangoes. The production is concentrated in the districts of Ratnagiri, Osmanabad, Kolaba, Bhir and Amraoti. The Konkan region grows the exportable varieties of mangoes viz. Alphanso and Piari. During the Fourth Plan period, the State Government is contemplating to bring an additional area of 20,235 hectares under mango plantation.

(Paras 2.2 to 2.7)

Exports

Technical feasibility of exporting mangoes to distant destinations in Europe by sea was established by the State Trading Corporation in 1967. India's exports of mangoes were of the order of 1204 tonnes valued at Rs 24.57 lakhs in 1968-69. At present the main markets are the Gulf countries. Maharashtra's exports may be placed at about 600 tonnes valued at Rs 12.3 lakhs.

(Paras 2.8 to 2.10)

It was noticed that the Jalgaon and Gujarat Federations export mangoes alongwith bananas to Gulf countries mainly to achieve economy and fuller utilisation of shipping space. This practice is, however, not considered sound as the temperature required for mangoes is less than the temperature needed for bananas.

It is therefore necessary to ply a fast moving boat of about 1,000 tonnes capacity, half of it being reserved for refrigerated cargo, with separate hauls for different kinds of fruits and vegetables. Promotional measures would have to be undertaken to generate more demand for Indian mangoes so as to make the chartering of the vessels economically viable.

(Para 2.11)

Problems of Export

Air-India offers special reduced freight rates for the export of mangoes, but these are still considered to be high particularly in the case of smaller consignments of less than a quintal. If it is not economical for Air India to reduce the freight rates further, the Government of Maharashtra may grant a freight subsidy till the volume of export increases.

(Paras 2.18 & 2.19)⁴

3. Citrus Fruits

Production

India with over 1 lakh hectares under citrus fruit cultivation produces 12 to 15 lakh tonnes per annum of citrus fruits. Maharashtra produces 2 to 3 lakhs tonnes of which mandarin oranges are the most important. Nagpur is the biggest production centre for mandarin oranges in Asia. Other citrus producing districts are Ahmednagar, Amravati, Aurangabad, Nashik and Wardha.

(Paras 3.2 to 3.6)

Exports

India exports a very limited quantity of citrus fruits. In 1968-69, exports amounted to 713 tonnes valued at Rs 10.11 lakhs. Gulf countries are the important buyers. Small quantity of lime is also exported to France and Switzerland. The share of Maharashtra in the country's total exports of citrus may be estimated at about 50 to 60 per cent.

(Paras 3.9 & 3.10)

Requirements of Production and Export

The demand for oranges in international markets is for varieties like Washington Navel, Valencia Late and Shamouti. It is learnt that efforts of the State Department of Agriculture in growing these varieties have not been successful so far. In order to enter the world markets for citrus in a big way, popular varieties of oranges will have to be grown in the State, etc.

(Para 3.14)

Prospects exist for India to export citrus fruits to South East Asian countries during their off-season. Scope also exists for exporting Nagpur oranges to countries like Switzerland during May-November. For entry into the EEC countries which are big importers of citrus fruits, preference accorded to the Associated African and Mediterranean countries, would be the biggest hurdle.

(Para 3.15)

Export Prospects

No serious effort has been made to export citrus fruits either by the merchant-exporters or the cooperative organisations in the State. Until a national organisation as recommended by IIFT's Survey comes into existence, the State Government should entrust the task of promoting exports to the Maharashtra State Cooperative Marketing Federation Ltd., Bombay. As a part of the export promotion effort, trial consignments of citrus fruits should be sent to European countries. For trial consignments the State Government in collaboration with the Ministry of Foreign Trade should offer subsidies. It is anticipated that exports of the order of 15,000 tonnes of citrus fruits valued at approximately Rs 20 lakhs can be effected from Maharashtra by 1973-74.

(Paras 3.16 & 3.17)

4. Grapes

Production

Total area under production of grapes in the country was estimated to be around 4000 hectares with a production of nearly 80,000 tonnes. Maharashtra ranks first in the production of grapes in the country. The varieties that

are mainly cultivated are Selection 7 and Anab-e-Shahi. It is learnt that among the varieties being tried in the State, some Russian varieties have shown good results.

(Paras 4.4 & 4.5)

In 1968-69, the total area under grapes in Maharashtra amounted to 2428 hectares. Production is mainly concentrated in the districts of Nasik, Ahmednagar, Poona, Bhil and Aurangabad of which Nasik is the largest producer. Total production in the State was estimated around 36,000 tonnes in 1964-65. The State Government is planning to bring an additional area of 1619 hectares under grapes during the Fourth Plan period. The average yield rate of grapes is estimated at 20 tonnes per hectare in Maharashtra which is the highest in the world.

(Paras 4.6 to 4.8)

Exports

Exports of grapes from the country are very insignificant. Only 1.9 tonnes of grapes valued at Rs 3,576 were exported in 1968-69. The main importer was Bahrain. The Survey revealed that bulk of the present exports of fresh grapes is from Maharashtra.

(Paras 4.10 & 4.11)

Problems and Prospects of Export

India should utilise the off-seasonal advantage in the export of fresh grapes to West Europe. While grape harvest periods in the major producing countries are between July and November, India has its harvesting periods ranging from December-May. South Africa, USA and Spain are major suppliers during the off-season. Trial consignments of Anab-e-Shahi and Selection 7 may be sent by air to the UK and West Germany who are major importers during the off-season.

(Para 4.13)

Singapore and Malaysia offer immediate prospects for export of fresh grapes. But it would be necessary to ensure that the grapes to be exported have adequate sugar content and good keeping quality. Cardboard cartons of 5 kg. should be used for packaging and shipping is to be effected under refrigerated conditions. Efforts should be intensified to export fresh grapes to Kuwait in the Gulf and Kenya, Uganda and Tanzania in the East African countries.

(Paras 4.14 to 4.16)

Export Prospects

Exports of fresh grapes may be entrusted to the Maharashtra State Cooperative Marketing Federation, Bombay, for which necessary assistance may be given by the State Government. The Federation may fix an export target of 25 tonnes per annum by 1973-74 valued at Rs 50,000.

(Para 4.17)

5. Processed Fruits & Vegetables (Canned Fruits & Juices and Pickles & Chutneys)

Production

Production of processed fruits and vegetables in India is estimated around 47,000 tonnes. The processing industry is concentrated in the states of Maharashtra, West Bengal, Mysore and Delhi. Maharashtra is the leading state in the processing industry. The city of Bombay where the industry is concentrated accounts for over 70 per cent of the total output of the State.

(Para 5.1)

The industry needs large finances for procurement of raw materials, storage, processing and marketing. The recent mergers of the large scale units in the State shows that the industry can flourish if it has good financial backing and efficient marketing arrangement.

(Para 5.3)

Production of processed fruits and vegetables in Maharashtra amounted to 11,467 tonnes valued at Rs 3.23 crores in 1967, accounting for nearly 24 per cent of India's production in terms of value. A shift in production in recent years is witnessed from the traditional items such as pickles and chutneys to items like jellies, juices, jams and canned fruits and vegetables.

(Paras 5.4 to 5.6)

In Maharashtra mango products, viz., mango slices, pulp, juices, nectar, squash, jams, pickles, chutneys, etc. constitute the most important category accounting for nearly 47 per cent of the total output, followed by orange products (8 per cent).

(Para 5.7)

Exports

During 1968-69, exports of processed fruits and vegetables were of the value of Rs 2.23 crores of which mango juice was the single largest item. The UK is by far the largest market for India's processed fruits and vegetables. USSR is the principal importer of mango juice and other juices. Considerable quantities of processed fruit and vegetable products are also exported to Gulf countries. Exports of processed fruits and vegetables

from Maharashtra State during 1968-69 may be estimated around Rs 91 lakhs. While the share of pickles and chutneys may be placed around Rs 50 lakhs the balance is accounted for by canned fruits and vegetables.

(Paras 5.10 & 5.11)

A study of the three cooperative units functioning in State revealed that despite considerable assistance forthcoming from the State Government, the performance of these units is not satisfactory.

(Paras 5.12 to 5.20)

Problems of Production and Export

Lack of adequate domestic demand for processed fruits is mainly responsible for under-utilisation of production capacity in the industry. Added to this, the industry is faced with high cost of raw materials, packaging materials and storage problems.

(Para 5.21)

Some of the units which are engaged in the export of processed fruit products are facing shortages of water and power supply and consequently their expansion programmes are hampered. The State Government should take up with the Bombay Municipal Corporation/State Electricity Board, the question of regular supply of water and power to the processing units.

(Para 5.23)

Supply of sugar at international price is essential for exports of processed fruits.

(Para 5.24)

The State Government may examine the suggestion of the industry that sugar should be supplied by one agency in Bombay and take up the question with the Directorate of Vanaspati and Sugar.

(Para 5.25)

The suggestion of the Committee on Export Packaging that the imports of tin plate for OTS can should be financed from free foreign exchange, rather than credit arrangements, as a measure to reduce the cost of cans merits consideration.

(Paras 5.26 & 5.27)

The Processed Foods Export Promotion Council may take up the problems of supply of sugar at international prices for export production and increase in cash assistance with the Ministry of Foreign Trade.

(Paras 5.29 to 5.31)

The port authorities may ensure greater watch and vigilance on the docks, especially in the case of consumer items like processed foods, when they are awaiting shipment.

(Para 5.33)

While the quality of products manufactured by the Indian processing industry is by and large quite satisfactory, there is lack of grade specifications. Consequently different units are using different grades and quoting different prices resulting in inter-competition. The unhealthy competition is particularly noticed in exports of pulps and juices. In order to ensure quality and develop healthy export trade, the compulsory pre-shipment inspection for all items falling under F.P.O. suggested by Central Fruit Products Advisory Committee needs urgent implementation.

(Para 5.34)

A total ban on exports of mango slices in brine may not be desirable as the UK industry may divert their imports of mango slices to other mango producing countries and in the process India may lose exports of both mango slices in brine as well as pickles and chutneys.

(Para 5.35)

6. Cashewnut Shell Liquid (CNSL)

Production and Exports

Cashewnut Shell Liquid (CNSL) which is an important by-product of the export-oriented cashew industry is extracted from cashewnut by (i) oil-bath process, (ii) kiln method and (iii) solvent extraction process. Important products manufactured from CNSL are cashew cement, cashew lacquer, resins, surface active agents, core-binders, insulating varnishes, coating compositions and bituminous solutions.

(Paras 6.1 to 6.4)

Out of 320 factories processing cashownuts in the country, 65 have oil-bath equipment. Production of CNSL in the country is estimated at 15,000 tonnes per annum. Cashew industry in Maharashtra is small as compared to other states and is mainly oriented to domestic market. There are 10 cashewnut processing factories in Ratnagiri district but none is extracting CNSL, though there are two units having oil-bath equipment.

(Paras 6.5 & 6.6)

Problems of Production and Export

In spite of the availability of raw material and equipment, the small size of the units and difficulties of storage and transportation faced in the Ratnagiri district are the basic reasons for there being no production of CNSL in the State. Besides, uncertainty of income from CNSL, lower prices obtained in domestic market for brownish kernels resulting from the oil-bath process and diffi-

culties in obtaining the CNSL required in the oil-bath process itself from outside are other discouraging factors. The industry is therefore content with the prices obtained on white kernels and sale of cashew shells for fuel as a subsidiary income.

(Paras 6.8 & 6.9)

Measures for stepping up internal as well as international demand for CNSL would encourage production in the State. On the supply side, solvent extraction process which can be used in the industry, may help the industry in the State.

(Paras 6.10 to 6.12)

Reliable statistics such as area and production of cashew in the State, which are necessary for drawing development schemes for this industry, are at present not available and estimates made by different authorities differ widely. The State Department of Agriculture may undertake a scientific survey of cashew plantations in the State.

(Para 6.13)

When the new cashew plantations in the State mature, possibilities of processing cashew beverages, juices and pickles, chutneys, tannin, cashew acid, etc can be explored.

(Paras 6.14 & 6.15)

Export Prospects

Export prospects for CNSL from India can improve if the world demand is stimulated by diversification of markets and uses. In the case of Maharashtra, only when the new

cashew plantations mature, thereby increasing the potential for the production of CNSL, the State can look forward to any sizeable exports of this item.

(Para 6.16)

7. Coir and Coir Products

(Coir Mats & Mattings and Curled Joir)

Production

Maharashtra ranks seventh on the basis of total area under coconut cultivation in the country, accounting for only 9,000 hectares and producing about 318 lakh nuts.

(Para 7.4)

Coconut plantation in the State is mainly concentrated in the coastal districts of Ratnagiri, Kolaba and Thana. Ratnagiri alone accounts for nearly 83 per cent of the total area under coconut cultivation.

(Para 7.5)

Due to small production of coconuts in the State coir husk available is very inadequate and large quantities are used as fuel. Not only production of coir mats, mattings, carpets, ropes etc. is insignificant, but due to poor quality and high prices, even coir goods produced in the Departmental establishments are not finding ready markets. The Survey also revealed that there are no exports of coir products from Maharashtra. Thus the coir industry in the State has remained dormant.

Since sound raw material base is a pre-requisite for the development of coir industry, the State Government should initiate measures for increasing coconut production and conservation and collection of the coconut husk for the production of coir fibre. Short term measures should include organising propaganda regarding utility of coconut husks, encouraging collection and retting of coconut husks in villages where this is not carried out, imparting training in the retting of coconut husks, offering retters reasonable prices for the retted husks, and organisation of teams for collection of husks.

(Para 7.8)

The Survey revealed training given in the Government training schools, does not lead to gainful employment in the industry. The Survey has suggested that in order that the training schemes may lead to gainful employment of the trainees, loans on low interest rates should be advanced to trained artisans for purchasing coir spinning wheels and willowing machines. The State Government, it is learnt, has already drawn up a scheme on these lines for inclusion in the Fourth Five Year Plan.

(Paras 7.12 & 7.13)

The State Government in the Department of Co-operation should take steps to encourage people to form into cooperatives and avail themselves of the credit facilities offered by the State Cooperative Banks as also those under the State Aid to Industries Act for the development of coir industry.

(Para 7.14)

While organising the industry, the Government of Maharashtra should take advantage of Coir Board's schemes of research in better methods of dyeing, bleaching and finishing of coir goods and assistance in mechanisation of mat weaving and spinning sectors and mechanised defibering plants.

(Para 7.15)

While developing the coir products industry, the State Government may ensure that the production conforms to the ISI specifications in respect of coir fibre, mats and mattings and Quality Control and Pre-shipment Inspection.

(Para 7.16)

The defibering plant at Walawal was not functioning to its full capacity due to inadequate availability of raw material. In case the defibering plant at Walawal is unable to procure sufficient raw material, it may be preferable to disperse the plant to areas where the husk is available in sufficient quantity.

(Para 7.27)

The State Government may examine the economics of setting up of one or two coconut oil extracting mills as a measure to increase the availability of husk for retting in Ratnagiri district.

(Para 7.28)

The Survey finds that there is need for a separate organisation preferably an autonomous body, devoted solely to the development of coir industry in the State. Production training, finance, marketing and exports of coir and coir

products would form the functions of such an organisation. The proposed organisation should take over the functions of the present State Coir Board as well as the executive functions presently entrusted to the Zilla Parishad.

(Para 7.29)

Exports

India's exports of coir and coir products during 1968-69 amounted to 59,904 tonnes valued at Rs 14.04 crores. Coir yarn, coir mats and coir matting are important among the items of exports.

Netherlands, UK, USA, Italy, West Germany, USSR, Iraq and Singapore are important markets for coir and coir products. In respect of curled coir and rubberised coir goods which are the new lines of production based on coir, West Germany, Yugoslavia, Spain, South Korea, Belgium, Kuwait and Czechoslovakia are important markets. Curled coir and rubberised coir have considerable export potential as compared to the traditional items.

(Paras 7.30, 7.31,
7.33 & 7.34)

Export Prospects

The scope for exports of coir mats and matting industry in the State is perhaps limited in view of the limited natural retting facilities and competition from the well developed coir industry in Kerala. Export prospects of the State for coir products could therefore be exploited through curled coir and rubberised coir. The State Government may consider installing curling machines for the

manufacture of curled coir, besides the implementation of the scheme included in the State's Fourth Five Year Plan for the installation of an additional defibering plant in Ratnagiri district. It may be possible for the State to export coir mats and mattings and curled coir to the tune of about 200 tonnes valued at Rs 5 lakhs per annum by 1973-74.

(Para 7.36)

8. Biscuits, Sugar Confectionery and Cocoa Products

I. Biscuits

Production and Exports

In this industry, Maharashtra accounts for 55 per cent of the country's total installed capacity and its production was about Rs 18 crores as against Rs 28 crores in India. In the production of the State, semi-sweet variety accounts for 55 per cent, the savoury type, 35 per cent and saltish and other varieties, 10 per cent. Indications are that production in the State is likely to increase at a faster rate than hitherto, if the problems of production are expeditiously solved. Exports of biscuits from India were of the order of Rs 42.0 lakhs of which Maharashtra accounted for about Rs 18.0 lakhs, main markets being Nepal, West Germany, Kuwait, Bahrein Islands, Muscat, Malaysia, etc.

(Paras 8.1 to 8.8)

Problems of Production

The Survey indicated that the quality of wheat flour though by and large satisfactory needs to be further improved. It is, therefore, suggested that the State Government may evolve in consultation with the Federation of Biscuit Manufacturers of India, specifications of wheat flour particularly for export and wheat flour mills in the State should adhere to them for export production. As the biscuit industry is one of those industries which have been adversely affected by the high prices of sugar the Survey has suggested that the State Government in consultation with the Processed Foods Export Promotion Council should evolve a workable scheme for supplying sugar at international prices to the biscuit industry for export production.

(Paras 8.11 & 8.12)

There is a need for expansion and modernisation programmes for improving the quality of the product and avoid the wastages in the manufacturing processes. Export effort of the industry would be strengthened if additional foreign exchange is allocated to the industry for modernisation. The industry should at least be allowed to use foreign exchange earned by it over and above the average value of exports during the last three years.

(Para 8.13)

The Federation of Biscuit Manufacturers of India may approach the Indian Institute of Packaging for suggesting improved packing which may induce "Impulse Buying" in internal as well as foreign countries.

(Para 8.14)

Problems of Export

The industry urged that for increasing exports the cash assistance may be increased from the present rate of 3 per cent and import replenishment from the present rate of 10 per cent to cover imports of raw material and balancing equipment.

(Paras 8.16 & 8.17)

Export Prospects

The survey revealed that given the facilities required, the industry would be able to increase its exports from Rs 18 lakhs in 1968-69 to Rs 1.00 crore by 1973-74.

(Para 8.18)

II. Sugar ConfectioneryProduction and Exports

There are 10 confectionery units in the organised sector in Maharashtra with an installed capacity of 8000 tonnes. Nearly 55 per cent of the installed capacity in the State is reported to be idle. Maharashtra's share in all-India production is estimated around 14 per cent. Out of the all India exports of Rs 4.89 lakhs during 1968-69, Maharashtra accounted for about 60 per cent. Kuwait, Bahrain, Muscat, the UK and Aden are the main markets.

(Paras 8.19 to 8.21)

Export Prospects

It is envisaged that exports of sugar confectionery from the State could be increased by 1973-74 to Rs 5 lakhs from its present level of Rs 2.9 lakhs.

(Para 8.28)

III. Cocoa ProductsProduction and Exports

All the three units manufacturing cocoa products in the country are situated in Maharashtra. The total production of cocoa products is estimated at 4.5 thousand tonnes. Out of the exports of cocoa products amounting to Rs 43 lakhs in 1968-69, drinking chocolate was the most important and almost the entire offtake was by the U.K

(Paras 8.29 to 8.32)

Problems of Production and Export

The most important problem relating to cocoa products is the acute shortage of cocoa beans, which are imported mainly from Ghana and Nigeria. For increasing supplies of cocoa beans, the industry has suggested that free transferability of import replenishment licences between sub-groups of the processed foods industry may be allowed.

(Para 8.34)

Export Prospects

The industry is of the view that if the problem of shortage of cocoa beans could be satisfactorily solved, its exports can reach Rs one crore by 1973-74 as against the present level of Rs 43 lakhs.

(Para 8.35)

9. Marine Products

Production

Maharashtra accounts for 13.3% of the country's total production of fish. Major species of fish caught in the State are prawns, Bombay ducks and pomfrets. Thana, Bombay, Kolaba and Ratnagiri are the fish producing districts in the State.

(Paras 9.1 to 9.3)

The Fourth Plan of Maharashtra, besides continuing and consolidating the work of the earlier plans, such as mechanisation of fishing craft, establishment of factories, improvement of fishery ports, etc. also envisages setting up a Fisheries Corporation and integrated fisheries projects in the cooperative sector.

(Paras 9.4 & 9.5)

Exports

Exports of marine products from India are showing rising trend. 80% of these exports comprise frozen goods, while about 10%, canned goods. The share of Maharashtra in the all India exports of frozen goods is 8.4% (i.e. Rs 1.64 crores) and that in canned goods, 1.3% (i.e. Rs 3.24 lakhs). The major export markets for India's, as well as Maharashtra's, frozen and canned marine products are the USA, Japan, France and the UK. Maharashtra also exports annually about Rs 40 lakhs worth of dried marine products mainly to Middle East and Far East countries.

(Paras 9.6 to 9.10)

Problems of Production

The average capacity utilisation of the freezing and canning sectors of the fish processing industry in the State is 33% and 15% respectively. This is mainly due to lack of sufficient fish of the right type and quality. For increasing the fish catch, exploration of off-shore waters of the State should be undertaken and for this larger vessels are necessary.

(Paras 9.13 & 9.14)

The high price of diesel oil is one of the reasons for the high cost of fishing operations in the State. The industry in the State does not derive benefit from the refund of excise duty on diesel oil against exports of marine products as this concession is applicable to big vessels only and most of the vessels engaged in fishing operations in the State are small vessels. The Survey feels that the scheme of refund of excise duty against exports should be extended to all the mechanised vessels engaged in fishing.

(Para 9.15)

As high frequency wireless equipment which is needed in the fishing vessels is not yet commercially manufactured in the country, import of this item within the 10% import replenishment may be permitted.

(Para 9.16)

The only fishing harbour in the State, viz Sassoon Docks, besides being congested most of the time, lacks facilities for servicing of vessels, etc. Early completion

of the integrated scheme for the development of Sassoon Docks is necessary for development of exports from the State.

(Para 9.17)

For transport of frozen cargo to Bombay Port, only two refrigerated vans owned by the State Directorate of Fisheries are presently available to the industry. Since this fleet is inadequate the State Government or the exporters may have to acquire additional fleet of refrigerated vans and trucks.

(Para 9.18)

As froglegs processed in the State are meant only for exports, the State Government may consider abolishing the purchase tax on frogs.

(Para 9.19)

Problems of Processing

In the field of processing of marine products the industry faces shortage of ice, water, cold storage and processing space in Bombay in the peak season. Joint efforts by the industry and the State Government are necessary for putting up few more ice plants and cold storages, arranging for increased supply of water for the fishery industry from Bombay Municipal Corporation and acquiring, as and when the Sassoon Docks expansion scheme is put through, sufficient space behind the berth for locating fishery industries.

(Paras 9.20 to 9.23)

Since the poor quality of the indigenously available plate freezers affects the quality of the frozen product, the Ministry of Foreign Trade may consider permitting the import of plate freezers within the 10% import replenishment permitted for the industry.

(Para 9.24)

Problems of Export

Since imports of marine products into many overseas countries are subject to strict health regulations, the present method of pre-shipment inspection based on sample tests prior to shipment may not be enough and would have to be replaced, as early as possible, by a system of quality control covering all aspects from landing to packaging.

(Para 9.25)

The use of box strappings in packing frozen foods are found to contaminate the product as the box strappings get rusty. These may therefore be replaced by standardised rayon based straps which may be allowed to be imported within the existing import replenishment.

(Para 9.26)

Exporters of canned marine products are also facing problems due to the non-availability of cans of international size in the country. Efforts should be made to make these cans available to the industry.

(Para 9.27)

Whenever shipments are delayed, lack of cold storage facility at the port poses a problem to the industry. Efforts should therefore be made to provide cold storage facilities at the port.

(Para 9.28)

Due to lack of adequate sailings to the continental ports from Bombay for reefer cargo, the promising European markets remain untapped. The national lines should endeavour to cover these ports adequately.

(Para 9.29)

Shipping freight on marine products has increased considerably in the last few years and they are said to be discriminatory also. Efforts should be made to get the discrimination removed.

(Para 9.30)

Since there is good market for live marine products in countries such as the USA and Japan, efforts may be made by the industry to export them by air for which concessional freight rates have been offered by Air India.

(Para 9.31)

Poor processing and poor packaging are responsible for the low unit value realisation of Indian shrimps. In the importing end, marine products are further processed before they are sold to the consumer. In the interest of high unit value realisation, the industry should be given all assistance for further processing, and better packaging.

(Paras 9.32 & 9.33)

The State Government should devote more attention to frog culture. In view of the growing importance of froglegs exports, efforts should be made by the State Directorate of Fisheries to develop, in consultation

with concerned organisations, production of exportable varieties of frogs in the State.

(Para 9.34)

Besides those varieties of fish which are currently being exported from the State, Maharashtra has considerable resources of other exportable varieties such as pomfrets, mackerels, sardines, tuna and eels. Some factors which handicap their exports are lack of adequate freezing facilities, high prices of containers and packing medium, lack of knowledge on the part of the fishermen and the industry of the invaluable nature of certain species of catch, etc. Efforts should be made to overcome these difficulties, if Maharashtra has to diversify its exports of marine products.

(Paras 9.35 to 9.46)

Export Prospects

In view of the increase in the exports of sea-foods from the State during the last few years and taking into account the developments that are taking place in the State in the fisheries field, it is expected that the exports of frozen and canned marine products from the State would reach Rs 4.9 crores by 1973-74 from the present level of Rs 1.9 crores.

(Para 9.48)

10. Crushed Bones

Production and Exports

Bone crushing industry in the country is mainly based on raw bones derived from fallen animals. Other sources such as slaughter houses hardly account for 5 per cent of the total supplies as there is a ban on slaughtering of cattle in many states.

(Para 10.2)

Crushed bones, including bone grist are important raw materials for the manufacture of edible and photographic gelatines.

(Para 10.3)

The industry is mainly concentrated in unorganised sector. Out of about 150 bone crushing units in the country, 12 units are located in Maharashtra. As crushed bones is hundred per cent export oriented industry, exports are usually taken as estimates of production. Maharashtra accounts for only 12 per cent of the total production, the reason being comparatively low cattle population.

(Paras 10.4 to 10.7)

The total exports of crushed bones from India during 1968-69 were 67.8 thousand tonnes and from Maharashtra, 9.2 thousand tonnes, i.e. about 13 per cent of the total. Traditional markets for Indian crushed bones are the UK, Belgium, France, the USA and Japan, of which UK alone accounts for about 30%.

(Paras 10.8 & 10.9)

Problems of Production and Export

This industry needs an integrated approach from bone collection at the village level to storage facilities at the port. Supply of raw bones should be augmented by paying better prices to the primary bone collectors and organising collection by village panchayats, slaying centres and municipalities instead of by middlemen. Adequate wagon facilities should be provided from collection centres and assembling points to mills and from mills to the port. Railway freight concession should be given for movement from the collection/assembling centres to the crushing mills, apart from the movement of crushed bones from the mills to the ports. Lastly adequate storage facilities should be provided in the BPT area on reasonable rent.

(Paras 10.11 to 10.16)

As the entire bone crushing industry is geared to exports, it should be exempted from the levy of central sales tax of 3 per cent.

(Para 10.17)

Export Prospects

Due to inelastic domestic availability of raw bones and high prices, India is steadily losing ground to Pakistan and Argentina. However due to higher yield of gelatine, Indian crushed bones would continue to offer good prospects. Although two units would be set up for production of gelatine in the country which would utilise crushed bones, sizable quantities would still be available for exports.

(Paras 10.18 to 10.20)

11. Teak WoodProduction

The teak wood grown in Maharashtra and Madhya Pradesh is preferred for decorative veneers as against constructional and utility qualities grown in other parts of the country. In Maharashtra, the forest area constitutes about 63 thousand Sq. Km. of which about 57 thousand Sq. Km is under the Forest Department, while the balance is under Revenue Department. The main districts growing teakwood are Chandrapur, Bhandraa, Nagpur, Amravati, Yeotmal, Nanded, Dhulia, Jalgaon, Nasik, Thana, Satara, Kolhapur, Ratnagiri and Solaba of which plywood quality teakwood is available mainly in Chandrapur and Amravati regions. The annual production of teakwood in the State is estimated at 1 lakh tonnes, as against 12 lakhs tonnes in India. The estimated production of different grades are plywood quality 1000 cu.m., Trade I, 29,000 cu.m., Trade II, 12,200 cu.m. and Trade III, 14,800 cu.m.

(Paras 11.2 to 11.6)

Exploitation by Forest Department currently accounts for about 60 per cent and it is contemplated that during the 4th Plan, the contract system will be gradually eliminated. The Survey indicates that because of the time lag between the felling and auctioning of trees, prolonged storage in Depots and rough handling, cracks, splits and shakes occur in the timber, making it unsuitable for exports. The Forest Department may consider ways and means of reducing this time lag,

(Paras 11.8 & 11.9)

There are three integrated units set up by the State Government for sawing, seasoning and wood preservation and some mechanisation has already been introduced in the forest operations. Forest Department may assess the actual requirements of equipments and take necessary steps for further mechanisation. It would meet the problem of the shortage of forest labour.

(Paras 11.11 to 11.14)

There is a need for extensive road construction in the forest areas for which a comprehensive programme has already been drawn up by the Forest Department. As regards railways the proposal of the State Government for constructing a broad gauge line passing through the forests of Chandrapur district and a metre gauge line traversing Melghat forests deserve consideration by the Railway Board for exploiting the export potential of the region.

(Paras 11.15 & 11.16)

In the development plans of the Forest Development Board for converting forests of low value to commercially valuable species, consideration may be given to plantation of teak wood, bamboo and other industrial wood which would improve production and export prospects.

(Para 11.19)

Exports

India exported nearly 2405 tonnes of teak wood valued at Rs 43 lakhs in 1968-69. Teak of Maharashtra's origin is exported from Bombay as well as Calcutta ports although it is difficult to estimate value of exports precisely.

(Paras 11.20 to 11.22)

Problems of Production and Export

As major exporting countries like Burma are following FAO grade specifications of teak logs, it may be desirable for Maharashtra to follow the internationally accepted specifications for exports. The Forest Department may take up with the Inspector General of Forests, Govt. of India, the question of formulation of internationally accepted grading rules for Indian timber.

(Para 11.23)

After the contract system is terminated, the Forest Department may undertake exports directly so that benefit of high export earnings would accrue to them rather than to middlemen.

(Paras 11.24 & 11.25)

At present on account of absence of precise data on the number of trees, growing stock, annual production of different categories of teak wood etc. it is difficult to formulate a comprehensive felling and export programme. It is, therefore, recommended that Forest Department should undertake a comprehensive census of teak wood trees in the State.

(Para 11.27)

Export Prospects

It may be possible for India to take advantage of the declining trend in exports from Burma and push up her exports. Maharashtra being an important producer of teak wood may be able to play a more important role in exports of teak wood. It is envisaged that a quantity

of 5000 tonnes of sawn teak timber valuing about Rs 50 lakhs will be available for export from Maharashtra by 1973-74.

(Paras 11.28 to 11.30)

12. Veneer

Production and Exports

There are 74 units manufacturing plywood, block board, tea-chests and flush doors in India, of which 20 units are equipped with imported veneer slicer machines. In Maharashtra, there are three medium scale units having veneer slicer machines. As it is a semi-finished product, it has not been possible to estimate its production in the State. Exports of plywood and veneer from India reached Rs 31 lakhs in 1968-69. In the case of veneer, the share of Maharashtra in all-India exports is 4 per cent, and in the case of decorative plywood, it is 29 per cent. Nepal, the UK, the USA, Kuwait and Netherlands are the major markets for veneer sheets and Bahrain, Canada, West Germany, Kuwait, and USA are the main markets for decorative plywood.

(Paras 12.3 to 12.6)

Problems of Production

The industry requires high quality timber of at least 120 cm. in girth and cylindrical shape with minimum defects. In order to make available good quality wood for veneer production in the country, it is recommended that the Forest Development Board, Government of Maharashtra, should earmark a quota of plywood quality logs for export production.

(Para 12.8)

Panel industry is considering a proposal to set up an export house for plywood products. There are good marketing opportunities particularly in the U.K., West Germany, and Netherlands. In view of these developments, Maharashtra's exports of veneer sheets and decorative plywood could increase from the present level of Rs 3.0 lakhs to about Rs 30 lakhs by 1973-74.

(Paras 12.12 to 12.19)

13. Hard Board

Production and Exports

Of the three plants manufacturing fibre board in the country, one is situated in Maharashtra. Out of the total production capacity of 40,500 tonnes in the country, the capacity in Maharashtra is 18,000 tonnes. Maharashtra's State accounted for about 63 per cent of total production of fibre board in India during 1968. Of the all-India exports of nearly Rs 17.4 lakhs in 1968-69, exports from Maharashtra accounted for Rs 14.2 lakhs i.e. 80 per cent. The major markets for our hard board are Kuwait, Iraq, Qatar, Bahrain, Tanzania and Thailand.

(Paras 13.3 to 13.9)

Problems of Production and Export

Fuelwood and synthetic resins constitute main raw materials for this industry. The continuous increase in the cost of fuelwood is pushing up the cost of production rendering it uncompetitive in world markets. It is, therefore, suggested that the State Forest Department may

consider the desirability of making available the fuelwood at fixed royalty rates as is being done in the case of paper mills. In the case of synthetic resins, the industry would compete more effectively, if they are made available at international prices for export production.

(Paras 13.12 & 13.13)

The industry is facing difficulties in obtaining spare parts for the machinery which has been wholly imported. Among the indigenous items, quality of wire cloth is not satisfactory. Therefore, pending the improvement of wire cloth in the country, the Chemicals and Allied Products Export Promotion Council may assess the requirement of wire cloth and take up the question of its import against exports of hardboard with the Ministry of Foreign Trade.

(Para 13.14)

The industry urged that cash assistance on exports may be increased from 15 per cent to 30 per cent of f.o.b. value. Cost data furnished in support of this case has been given in the Confidential Report of the Survey.

(Para 13.15)

As the incidence of port charges on hard board is high, it is recommended that Bombay Port Trust may examine reduction of these charges. As regards freight rate, it amounts to 22% of f.o.b. price in respect of Gulf Ports and more than 50 per cent in respect of Red Sea ports, which is heavy. It is suggested that Chemicals and Allied Products Export Promotion Council and Western India Shippers' Association may approach the Conference Lines for an examina-

tion of the freight atructure.

(Paras 13.16 & 13.17)

In view of Maharashtra having considerable forest resources, there are opportunities for setting up more hardboard plants in Maharashtra. It is, therefore, suggested that the Forest Department of Government of Maharashtra may consider offering suitable incentives on a continuous basis to prospective entrepreneurs so as to enable them to set up hardboard plants in these regions.

(Para 13.18)

Export Prospects

It is estimated that consumption of fibre board in major countries would increase from the present level of 6.5 million tonnea to 11 million tonnes by 1975. If the main problems of the industry are solved expeditiously, exports of herd board frcm the State would be about Rs 50 lakhs by 1973-74. If additional units are set up, the exports from Maharashtra would amount to Rs 100 lakhs by 1973-74.

(Para 13.19)

14. Chip Board

Production and Exports

Of the 8 manufacturers of chip board in the country, only one is located in Maharashtra. There was no production of chip board in Maharashtra during 1968. Exports of chip board are not separately mentioned in the trade statistics of DCI&S. The Survey revealed that there were no exports

during 1968. . However, the unit in Maharashtra has started production in 1969-70 in response to a big order from the U.S.A.

(Paras 14.1 to 14.6)

Problems of Production and Export

The prices of fuel wood, an essential raw material for this industry have almost doubled over the last 5 years. The prices of synthetic resins have also been increasing continuously because of the increase in their cost of production and excise duty. In view of the high cost of production, the existing rates of cash assistance and import replenishment are reported to be inadequate for the industry.

(Para 14.7)

Export Prospects

The export prospects for chip board from the country and Maharashtra would depend upon the possibility of supply of resin at international prices.

(Para 14.8)

15. Shellac

Production and Exports

In 1968-69, only 1,430 tons of shellac was produced in the State against an all India production of 14,000 tons, 80% to 90% of which was exported. During 1968-69, the exports of hand-made and machine made shellac from Maharashtra amounted to 1,100 tons out of the country's total exports of 12,652 tons.

(Paras 15.1 to 15.6)

Problems of Production and Export

Owing to the growing competition from synthetic resins, the research and development activities in this industry need further strengthening, by way of developing indigenous technical know-how or importing the same, for finding out new applications. The State Government in consultation with the National Chemical Laboratory should take a lead in this respect. The MSSIDC should also offer special incentives to this industry. The testing facilities on modern lines as available to the shellac industry are limited within the State. While developing the industry in Maharashtra, the MSSIDC and the State Directorate of Industries should keep this problem in view. Due to Minimum Export Prices introduced in 1958 to check excessive price fluctuations, the industry is not able to meet the growing competition from synthetic resins. From the point of view of long-term exports the Shellac Export Promotion Council may examine the feasibility of downward revision of Minimum Export Prices or alternatively the grant of cash assistance to exports to offset the increasing cost of production.

(Para 15.7 to 15.13)

Inadequate shipping facilities and lack of cold storage for shellac, resulting in polymerisation by heat, are major problems of this industry. The Director General Shipping, may look into these problems.

(Para 15.14)

Export Prospects

For reasons mentioned above, the level of all India exports for shellac has remained stagnant at nearly 12,000 tonnes per annum during last 3 to 4 years. In view of the uncertain prospects for exports from India as a whole and the small share of the State the export prospects from Maharashtra are difficult to assess.

(Para 15.15)

16. Made-up Textile Articles (Mill Sector)

Production and Exports

Made-up textile articles produced by the mill sector, are bed-sheets and bed covers, pillow cases, table covers, curtains, napkins, and handkerchiefs. No precise estimates of production of these items in the country are available. However, Maharashtra accounts for 27 per cent and 65 per cent of all-India production of bed-spreads and furnishings. For these two items the mills in Bombay account for 55 per cent and 99 per cent of the State's production respectively. India's exports of mill-made made-up textile articles during 1968-69 were of the order of Rs 5.0 crores. Exports through the Bombay port were Rs 3.6 crores. Bulk of these exports was believed to be from Maharashtra. Exports mainly consisted of bed sheets, etc (Rs 2.4 crores), pillow cases (Rs 59 lakhs), handkerchiefs or Runals (Rs 24 lakhs), table covers (Rs 15 lakhs) and Napkins (Rs 19 lakhs). Although valuwewise, large proportion of exports are by mills, there are large number of merchant-exporters also. Procedural formality in establishing stitching units within the mill premises was reported to be one of the difficulties of the mills in their exports. Many merchant-exporters either have their own stitching establishments or get their articles made on contract basis from tailoring establishments.

(Paras 16.1 to 16.25)

Problems of Production

Owing to the changing trends in the overseas markets, the demand for wider width bed sheeta/covers is increasing. Very few mills in Maharashtra are equipped to meet this demand. Unless the production capacity is geared to the foreign demand, substantial increase in export business would be difficult to develop.

(Para 16.26)

The Survey revealed that the main difficulty in installing looms in the organised sector for producing the required kind of running length napkins is the guarantee that 100 per cent of production should be exported. As there are difficulties in doing so, Textile Commissioner may consider granting permission for installation of such looms by enterprising units which are prepared to export up to 75 to 80 per cent of the total production. Further, as running length napkins can be produced economically on powerlooms, the State Government may encourage setting up of required types of powerlooms in the decentralised sector.

(Para 16.27)

In order to encourage more textile mills to enter into the export market in the field of made-up articles, Textile Commissioner may take up the difficulties with Excise authorities for streamlining the procedure regarding stitching in the mill premises.

(Para 16.28)

Majority of the exporters contacted during the Survey expressed their willingness to accept the statutory regulation relating to the export of standard sizes and it is learnt that standardisation of sizes and allied procedure is being finalised by Textile Committee and statutory orders will follow shortly in this regard.

(Paras 16.29 & 16.30)

Problems of Export

The exporters expressed difficulties in getting advances against the D.A. bills as the commercial banks are reluctant to negotiate these bills. This is creating financial difficulties for the exporters. Exports of made-up articles could be increased substantially if more bank facilities are given.

(Paras 16.31 & 16.32)

In order to relieve the exporters of the burden of excise duties, it is suggested that the Handloom Cess charges on the export of made-up items should also be refunded as is being done in the case of other cotton mill made fabrics. The Survey additionally revealed that there are lot of procedural delays in getting the refund of the Central Excise paid on the cloth meant for exports of made-up articles.

(Paras 16.33 & 16.34)

There are no direct sailings from Bombay to U.S.A. vessels of SCA taking cargo from Bombay to USA are held up in Calcutta and thus goods consigned from Bombay take long time to reach the destinations. SCA may therefore consider the feasibility of having two sailings each month

to the USA. Further the exporters are paying higher freight than their counterparts in Hong Kong to the same destinations. It is, therefore, suggested that the Western India Shippers' Association may approach the concerned Conference Lines for examination of freight charges.

(Paras 16.36 & 16.37)

There is a long felt need for adequate warehousing facilities near the port area for storing the exportable goods at concessional rates.

(Para 16.38)

The industry suggested that the procedure for clearing the import of labels from the Postal Customs Department is highly time consuming and should be streamlined.

(Para 16.39)

As adequate facilities for printing on cellophane bags are lacking, setting up of more printing units for doing this job is necessary.

(Para 16.40)

The limit of 500 grammes for accepting as second class airmail should be increased to 1 kg. for the purpose of sending samples so that it becomes cheaper for the exporters to send samples.

(Para 16.41)

Export Prospects

Export prospects for made-up articles would depend upon the availability of required width of cloth and the various facilities required by stitching units. On the

demand side, export prospects would depend upon how far import restrictions into USA and EEC imposed under Long Term Textile Agreement are relaxed after September 1970, when the Agreement is due to expire. Depending upon these factors, the industry has estimated that exports of made up articles from Maharashtra would reach to Rs 4.50 crores by 1973-74-against the present level of Rs 2.5 to Rs 3 crores.

(Paras 16.42 & 16.43)

17. Powerloom Made-Up Articles

Production and Exports

There are about 2,30,000 powerlooms in the country, of which 90,000 are reported to be in Maharashtra. The industry in the State is dispersed in Pithawadi, Malegaon, Ichalkaranji and Sholapur. Jacquard chaddars popularly known as Sholapur chaddars is the main export-oriented product of the State. Besides chaddars, a few units are manufacturing turkish towels, napkins, pillow covers in small quantities. Sholapur is the main centre for production of Sholapur or Jacquard chaddars with capacity to produce 180 lakh chaddars valued at Rs 12 crores per annum. However, current production is around 70 lakh chaddars valued at Rs 4.9 crores. About 10 per cent of the total estimated production is being exported to more than 30 countries. The annual exports of Sholapuri chaddars are estimated around Rs 46 lakhs through Bombay port. Exporters are finding it difficult to maintain this performance because of uncertain position of non-resident Indian traders in African countries, who handle this trade. During the last three years, exports have been more or less stagnant.

(Paras 17.2 & 17.8)

Problems of Production and Export

About 20 per cent of the powerlooms in Sholapur are lying idle and other working looms are utilising not more than 50 per cent of their capacity. High prices of raw materials, non-availability of adequate funds, and lack of orders have mainly contributed towards under-utilisation of capacity for powerloom chaddar industry in the State.

(Para 17.16)

The industry is facing frequent shortage and rise in the prices of yarns. The prices of coarser count of yarn have risen considerably and those of chemicals and dyes between 100 and 300 per cent during the last two years. If the present trend of rise in prices of essential raw materials continued unchecked, it might affect production seriously.

(Paras 17.12 to 17.15)

More than 80 per cent of looms were second hand and not fit for producing high quality chaddars. There is therefore a need for modernisation and replacement of equipment which should be financed on long or medium term basis and at low rate of interest through a specialised agency. As regards accessories, the industry is of the view that if the Jacquard cards and linen threads are allowed to be imported by actual users through some agency, the cost of production could be reduced and the quality of the product improved considerably.

(Paras 17.10 and 17.11)

The powerloom weavers in Sholapur have not been able to organise their own marketing arrangements. Exports are being effected through merchant-exporters in Bombay. The Sholapur District Powerloom Cooperative Societies' Federation's activities have mainly been restricted to supply of raw materials and the Federation has entered marketing activities only recently. The question of setting up of an Export House under the auspices of the Federation is still under consideration.

(Para 17.17)

For promotion of exports to sophisticated markets, designs and colour combinations of Sholapuri chaddars have to be substantially reoriented. This question was examined by the State Board of Export Promotion, as a result of which establishment of a 'Design Centre' and a 'Quality Marking Centre' by the State Government and a Sample Room by Maharashtra Small Scale Industries Development Corporation have been recommended.

(Paras 17.18 & 17.19)

Discussions with the industry revealed that although setting up of Quality Marking Centre, Export House and Sample Room would help the marketing side, these would not solve the basic problems faced by the industry such as need for modernisation, supply of right type of materials at reasonable prices and paucity of finance, etc. The Survey is of the view that the industry needs an agency such as a Corporation which could look after the entire range of the requirements of the industry.

(Para 17.20)

Export Prospects

Export prospects of the industry will depend on how soon the structure of the industry is overhauled with the help of a strong agency and how far the industry is able to diversify its production to suit sophisticated markets and widen its range of products. If the industry is able to utilise its installed capacity fully and realise the production potential of about Rs 12 crores per year, it will be possible for it to double its exports to Rs 1.20 crores by 1973-74.

(Para 17.21)

18. READY MADE GARMENTS, BRASSIERES AND NECK-TIESI. Ready-Made GarmentsProduction and Exports

There are about 1,000 units in the country, of which 400 are reported to be situated in Maharashtra. During the Survey, India's production was estimated at around ₹ 80 crores and that of Maharashtra at ₹ 55 crores. Thus Maharashtra accounts for about 70 per cent of the total production in the country. Out of the all India exports of ready-made garments amounting to ₹ 5.7 crores in 1968-69 Maharashtra's exports were about ₹ 4.8 crores, or 80 per cent. Cotton fabrics garments occupy a predominant position in the total exports followed by mixed, woollen and silk fabrics garments. The main items exported from Maharashtra are shirts, bush-shirts, pyjama suits, ladies dresses and children's wear. Currently exports are to over 50 countries.

(Paras 18.1 to 18.6)

Problems of Production

High cost of fabrics is the main reason for high cost of production of ready-made garments as compared to other countries. It is, therefore, suggested that a comprehensive scheme for supplying fabrics at international prices under the supervision of the Textile Commissioner in close cooperation with Texprocil may be evolved.

(Para 18.7)

There is need for streamlining the procedure for procurement of machinery to avoid delay. It is suggested that Textile Commissioner's office may take necessary steps to make the machinery available to the importers in minimum possible time. Also there is a dearth of information on the type of machinery and foreign attachments necessary for modernisation of the industry. It is, therefore, suggested that Clothing Manufacturers' Association of India may assess the machinery requirements of the industry, collect information regarding their availability etc. and take up the question of their imports with the Textile Commissioner.

(Paras 18.8 & 18.9)

The trimmings and embellishments manufactured within the country do not meet the requirements of the foreign markets. Therefore, as a long term measure, the question of getting embellishments of the types acceptable in foreign markets manufactured within the country should be examined by the State. If necessary, foreign collaboration in this field may be encouraged.

(Para 18.10)

At present the industry has to approach several Export Promotion Councils for their requirements. In the case of mill-made cotton fabrics, the industry has to approach Texprocil; for handloom and silk goods, the Handloom Export Promotion Council; for wool/terene the Wool and Woollens Export Promotion Council. It is understood that the Texprocil has intimated its willingness to undertake export promotion functions for garments made from all fibres including blends. Government's final orders in this respect are awaited.

(Para 18.11)

The Survey indicated that there is shortage of trained labour and many units have to employ raw hands and train them for a considerable period of time before they could acquire the requisite skill. There is, therefore, urgent need to set up an all-India Institute which could train workers in the industry. It is understood that the Clothing Manufacturers' Association has already arranged to import necessary machinery and equipment for training purposes, and all hurdles in setting up of the Institute are being cleared.

(Para 18.12)

Problems of Export

At present imports of polyester buttons are allowed under import replenishment against export of shirts, trousers and jeans only. As buttons are also used in other types of garments, buttons may be allowed to be imported against the exports of all types of ready-made garments.

(Para 18.13)

The Survey revealed that due to delay in the issue of advance licences, the industry was handicapped to fulfil the export contracts especially of short duration. It is understood that a committee consisting of representatives of JCCI & E and the Textile Commissioner has been constituted. It is suggested that Texprocil may also be associated with it and authority to deal with the cases should be delegated to this Committee.

(Para 18.14)

In the case of readymade garments, manufacturers under the bond are getting the benefit of refund of handloom cess but those who are not manufacturing under bond are not getting it. The Survey suggests that the benefit of the refund of the cess should be given to all categories of exporters of ready-made garments.

(Para 18.15)

Facilities of printing on polythene bags are not adequate in Bombay. The manufacturers desired that adequate printing facilities should be made available to the industry in the interest of export promotion.

(Para 18.16)

There is a need for conducting market surveys specially on children wear and industrial clothing (workmen's uniforms) in selected foreign countries.

(Para 18.18)

Export Prospects

Being labour intensive industry, India has special advantage over the developed countries. Export prospects from Maharashtra are very bright inasmuch as big and small units have entered the field of manufacturing ready-made garments in a big way. It is envisaged that exports of ready-made garments can be boosted to Rs 15 crores by 1973-74 from the present level of Rs 5 crores from the State.

(Para 18.19)

II. Brassieres

In Maharashtra there are about five units manufacturing brassieres and production is of the order of Rs 55 lakhs. Though exports of brassieres from India amounted to Rs 48 lakhs in 1968-69, Maharashtra's share was nil. The exports from Maharashtra which amounted to Rs 4 lakhs during 1962 to 1965 had thereafter stopped because of the outbreak of fire in the factory of an exporting unit. By now, the unit is reported to have been rehabilitated and is in a position to resume export trade. It is envisaged that by 1973-74, the exports would pick up to a level of Rs 5 to 7 lakhs.

(Paras 18.20 to 18.23)

III. Neckties

There are about 6 units manufacturing neck-ties in the country, of which the leading unit is situated in Maharashtra. Production of neck-ties in Maharashtra is estimated at Rs 40 lakhs per annum. Maharashtra contributed about Rs 3 lakhs during 1968-69 in the total exports of Rs 8.5 lakhs from India. Main markets are France, West Germany, Italy, Sweden and the U.K. It is reported that Indian neck-ties are in good demand in foreign countries and the exports are likely to reach Rs 50 lakhs by 1973-74.

(Paras 18.24 to 18.27)

19. Hosiery Goods

Production and Exports

There are about 5,000 hosiery units in the country of which about 200 units are reported to be situated in Maharashtra. The diversified production in Maharashtra consists of various kinds of knitwears like vests, drawers, bathing costumes, pullovers, jerseys, sportswear, socks and knitted fabrics. Reliable data on the total installed capacity and production of hosiery goods are not available. However, the production of hosiery goods in the country is estimated at around Rs 40 crores and Maharashtra's share about 6 to 8 per cent. Of the total production in the State, nylon and mixed hosiery account for about 52 per cent followed by cotton hosiery 32 per cent and woollen hosiery 16 per cent. Maharashtra accounts for 4 per cent of the country's total exports of hosiery goods. In the case of cotton hosiery exports, State's share is 16 per cent and in woollen hosiery, 3 per cent. There were almost no exports of artsilk and nylon hosiery from the State after the devaluation of the rupee.

(Paras 19.1 to 19.4)

I. Cotton Hosiery

Problems of Production and Export

Dyed cotton hosiery yarns, which are necessary for making better designs and patterns of hosiery goods are not being manufactured by spinning mills in Maharashtra. These are mostly obtained from Tamil Nadu, which results in the addition of transport cost to the overall cost of production. There is need for railway freight concession for transporting hosiery yarn from chief producing centres in Tamil Nadu to Bombay. At present railway freight concession is available for the transport of hosiery yarns for manufacturing stockinett from Tamil Nadu to Calcutta. It is suggested that the Texprocil may take up the question of railway freight concession for transporting hosiery yarn from chief producing centres in Tamil Nadu to Bombay as well.

(Para 19.6)

Prices of cotton hosiery yarn, have risen significantly during last three years owing to rise in cotton prices and increased wages of labour. This has been having adverse effect on the industry.

(Para 19.7)

The indigenous hosiery machines do not match the performance standards of the hosiery machines manufactured in countries like Hongkong, Japan and Italy. It is, therefore, suggested that the Texprocil in consultation with Textile Commissioner may assess the requirements of machinery for the industry and take up the question of imports with the Ministry of Foreign Trade. Such spare parts, which are not being manufactured indigenously, may also be allowed to be imported in advance against confirmed export orders.

(Paras 19.8 & 19.9)

Though the ISI has evolved standards for hosiery goods, the surveyed units are following either buyers' or their own specifications. However, the units are reported to be taking special care in adhering to correct weight measurements of hosiery goods.

(Para 19.10)

Hosiery industry is not entitled to imports of trimmings and embellishments against replenishment as is the case with ready-made garments, although the industry also needs buttons, elastic, zip-fasteners etc., as knitwears with imported trimmings and embellishments are preferred in foreign markets. It is, therefore, recommended that Texprocil may take up the issue of permitting import of trimmings and embellishments to hosiery industry.

(Para 19.11)

The existing drawback rate for cotton knitwear have been fixed at 76 paise per kg. This was fixed when the excise duty on yarn was 55 paise per kg. Subsequently the excise duty on yarn was raised to 70 paise per kg. but there has been no corresponding increase in drawback rate. The industry has suggested a drawback at the rate of Rs 1.10 per kg. At the same time, the industry pleaded that the drawback rate for knitted fabrics should also be raised to the level of knitwear. It is, therefore, suggested that the Texprocil may take suitable steps for revising the drawback rate with the Ministry of Finance.

(Paras 19.12 & 19.13)

II. Woollen Hosiery

Problems of Production and Export

The survey units indicated that there was shortage of hosiery yarn due to inadequate allotment of quota from the Hosiery Industries Federation, Ludhiana. In order to meet this problem, it is suggested that the Director, Export Promotion, Maharashtra Government may take steps to ensure closer cooperation between the industry in the State, the Textile Commissioner and Hosiery Industries Federation, Ludhiana.

(Para 19.14)

The problems and suggestions for machinery made in respect of cotton hosiery more or less hold good for woollen hosiery also.

(Para 19.15)

Like cotton hosiery, woollen hosiery manufacturers also need trimmings and embellishments for execution of export orders. It is suggested that the Wool and Woollens Export Promotion Council, Bombay may take up the question of including them in the shopping list for woollen hosiery.

(Para 19.16)

III. Artsilk and Nylon Hosiery

Problems of Production and Export

Though the artsilk and nylon hosiery is well developed in Bombay, their exports were not picking up because of various difficulties faced by the leading units. At present due to local demand, the installed capacity of the industry is mainly

utilised for domestic sales. Crimping charges for nylon yarn were very high and the industry urged that crimping charges should be fixed at a reasonable level. If necessary more crimping machines should be allowed for import. The industry urged that crimped yarn should be supplied at international prices for export production. Liberal imports of socks and double jersey machines would go a long way in improving the quality of the product. It is understood that the Silk and Rayon Export Promotion Council is seized of the matter and steps are being taken to solve the problems faced by the industry.

(Paras 19.17 to 19.19)

Export Prospects

The export prospects of hosiery industry are considered to be bright in view of the ever-increasing demand for hosiery goods in affluent and developing countries. Though Indian industry has developed sizeable production base, it does not rank even among the first twenty countries. India can very well compete with these countries in foreign markets provided problems of production and export are expeditiously solved. The hosiery industry could contribute about Rs 60 lakhs by 1973-74 as against the current exports of Rs 20 lakhs.

(Para 19.20)

20. Leather Footwear and Other Leather Manufactures

India has the largest cattle population in the world and ranks third in the world trade of leather. Leather is principally a decentralised cottage industry. The production of vegetable tanned buffalo and cow hides in the organised sector is about 3 million pieces. The production of tanned

hides and skins in the small scale and cottage sector is estimated at 22 million hides and 45 million skins. The exports of leather and leather goods from India amounted to Rs. 85 crores in 1968-69, the share of finished leather and leather goods being about 5 per cent.

(Paras 20.1 to 20.3)

In Maharashtra, there are 4 tanning units in the organised sector, 112 units registered as small scale tanneries and small tan-yards, scattered all over the rural areas. There are over 60 units manufacturing leather goods in the State and about 150 merchant-exporters.

(Paras 20.4 & 20.5)

I. Leather Footwear

Production and Exports

The small scale and cottage sector accounts for about 90 per cent of the production of footwear in the country. Production of leather footwear in the organised sector is about 18 million pairs and Maharashtra accounts for nearly 7 per cent of it. The exports of leather footwear from Maharashtra of Rs 33 lakhs in 1968-69 were about 5 per cent of the total exports from the country and mainly comprised fancy chappals and sandals, USA, UK, Saudi Arabia and Kuwait being the major markets.

(Paras 20.7 to 20.10)

II. Other Leather Manufactures

Production and Exports

Other industrial leather goods manufactured in the country are travel goods, fancy handbags, harness and saddlery. The production of leather goods in the country is estimated at Rs 9 crores per annum, the bulk accruing from small scale and cottage units. Maharashtra contributes significantly to the production of industrial leather manufactures in the country. It has, however, not been possible to assess the production of other leather manufactures in the State. Maharashtra, with its exports of Rs. 8 lakhs in 1968-69, accounted for 12 per cent of the exports of leather manufactures from the country. The major export markets were USA, UK, Saudi Arabia, Sudan, Zambia, Japan, etc., the items exported being industrial leather manufactures, travel goods, money purses and leather belts.

(Paras 20.11 to 20.15)

Problems of Production

The Survey revealed that the training imparted by the various production-cum-training centres for leather products of the Zilla Parishads has not been very useful. It has been suggested that only such training facilities as are not available elsewhere, but are required for the development of the industry may be made available through these centres and the Directorate of Technical Education may be closely associated with various aspects of such programmes.

(Para 20.17)

The machinery and equipment available at the various production-cum-training centres is not being put to optimum use at present and there is no scheme under which skilled artisans from the industry can also make use of this idle capacity. Realising the need for mechanisation in the production for exports, it is suggested that the State Government may consider the transfer of production-cum-training centres to some authority at State level, such as the Directorate of Industries to ensure proper co-ordination in utilising the machinery and equipment in the various centres for export production. The possibility of utilising the services of Maharashtra Small Scale Industries Development Corporation either for organising production or making available the machinery and equipment to the industry on common facilities basis, may also be explored.

(Para 20.18)

In order to bring down the cost of production of leather footwear, the State Government may encourage mechanisation by making available machines such as upper clicking press, bottom clicking press, heel compressing machine and stiffener moulding machine to the small scale units on a common facilities basis through the production-cum-training centres and may also encourage some units to specialise in the manufacture of cut components.

(Paras 20.21 & 20.22)

Problems of Export

The export trade of leather manufactures is being mainly handled by merchant-exporters. The Survey revealed that they find it difficult either to nominate actual users for claiming the import replenishment or to get goods

manufactured on their account for exports. The industry has therefore pleaded for the permission for the disposal of the import replenishment licences in the open market.

(Para 20.25)

In order to provide the manufacturers of leather goods in the country, adequate information about the requirements of the foreign markets in regard to designs, styles, prices, etc., the Export Promotion Council for Finished Leather and Leather Manufactures (FLEPC) may set up Market Intelligence Centres in selected countries, viz. the USA and the UK, to start with.

(Para 20.26)

Export Prospects

The exports of leather footwear from the State are expected to increase to Rs. 90 lakhs by 1973-74, in view of the attempts on the part of manufacturers to diversify production in keeping with the fashion trends in overseas markets. There appears to be considerable scope for increasing the exports of leather goods such as handbags, wallets, travel goods, saddlery and industrial hand gloves and the exports of these items from the State may reach a level of Rs. 25 lakhs by 1973-74.

(Para 20.27 & 20.28)

III. Kolhapuri Chappals

Production

Three main types produced under the brand of Kolhapuri chappals are Kolhapuri, Kapashi and Athani and the Athani type is mainly exported. Kolhapuri chappals are produced in the districts of Sangli and Kolhapur in Maharashtra and Belgaum in Mysore State, Miraj in Sangli district being the biggest

centre of production and collection. The production of these chappals is a family profession where the job is picked up from the elders. There are over 330 production units in the State, mainly in the cottage sector and the production of Kolhapuri chappals is estimated at 1 million pairs per annum.

(Paras 20.29 to 20.31)

Exports

The exports of Kolhapuri chappals commenced in 1953, increased steadily over the years and reached the level of over 6 lakh pairs valued at Rs. 55 lakhs in 1966-67, the USA accounting for the predominant share. Later, inspite of the devaluation of the rupee, the exports have shown a decline and came down to Rs. 30.5 lakhs in 1968-69. However, the outlook for exports since April 1969 has been encouraging and the exporters are confident of exporting over 5 lakh pairs valued at about Rs 35 lakhs in 1969-70. Exports are shared by both Maharashtra and Mysore States.

(Paras 20.32 & 20.33)

Problems of Production and Export

The Survey revealed that the continuous rise in prices of raw materials after the devaluation of rupee has adversely affected the profits of artisans engaged in the production of Kolhapuri Chappals.

(Para 20.38)

The merchant-exporters organise production for export by forwarding advance money to the cobbler-artisans without any security or interest charges. However, such a system of advances has not helped the cobbler-artisans in the advancement of their economic conditions and also, the healthy development of the industry. Attempts to organise the industry on co-operative lines have not been successful so far.

(Paras 20.40 & 20.41)

As the preference of American buyer is changing fast, it is suggested that based on current fashion trends, the Research and Development Cell of the FLEPC at Agra may evolve few more designs of Kolhapuri chappals for export. It may also be desirable to fix minimum prices for export in order to guard against the decline in the unit value realisation in future.

(Paras 20.42 & 20.43)

The cost data furnished in support of fixing cash assistance for the export of Kolhapuri chappals has been examined in the Confidential Report of the Survey.

(Para 20.45)

It was observed during the Survey that although merchant-exporters have played an important role in the building up of export trade in Kolhapuri chappals, the benefit of this business has not been passed on to the cobbler-artisans. There is a need for an organisation which could help the cobbler-artisans not only in organising production but also marketing their products. It is suggested that MSSIC may ensure the supply of the raw materials to the artisans at reasonable prices, help the mechanisation of the industry, organise production and render marketing assistance. As these activities would encompass commercial, developmental and welfare aspects of the industry the State Government may have to consider granting of adequate financial assistance to MSSIC in playing this role.

(Paras 20.47 & 20.48)

Rehabilitation of Leather Industry in Bombay

The leather industry in the Dharavi area of Bombay accounts for a predominant part of the exports of leather and leather manufactures from Maharashtra. According to the provisions of the Development Plan for Bombay City, the Bombay Municipal Corporation declared Dharavi area as non-conforming zone and directed the industry to shift to any suitable area, preferably at Deonar, where the slaughterhouse would be shifted from Bandra. Since 1948, permission has not been granted to the units either for additional power or for construction of new buildings. The restrictions on expansion since 1948 and the delay in rehabilitation have inhibited the progress of this export oriented industry in the State. It is suggested that, as a short term measure, the Directorate of Industries may take up the case of export oriented units in Dharavi area with the Bombay Municipal Corporation for the grant of required power connection, marginal expansion, etc. It may also expedite and facilitate the rehabilitation of the industry at Deonar. Bombay offers many economic advantages for the further development of this industry from the point of view of production for export.

(Paras 20.50 to 20.55)

21. Rubber and Canvas Footwear

Production and Exports

Rubber and canvas footwear occupy an important place in the footwear industry and Maharashtra is the second leading producer in the country. The installed capacity in the organised sector in the country is about 57 million pairs and of the total production of 57.3 million pairs in 1968,

the share of Maharashtra was 7.8 million pairs. Details about the production of canvas and rubber footwear in the small scale sector are not available. The exports of rubber and canvas footwear from the country in 1968-69 were Rs 206.7 lakhs, canvas footwear accounting for 97 per cent. The exports from Maharashtra of Rs 21.3 lakhs in the same year were mainly directed to Canada, the U.K., Netherlands, West Germany, South Yemen, Belgium and Zambia.

(Paras 21.1 to 21.7)

Problems of Production

The raw materials such as raw rubber and chemicals, used in the manufacture of canvas and rubber footwear, are available at very high prices. The CAPEXIL may explore the possibility of making them available to the industry at international prices for export production.

(Para 21.9)

The quality of indigenous canvas cloth used as a lining material and for uppers is not satisfactory. The CAPEXIL may approach the leading manufacturers of canvas cloth, through the Textile Commissioner, for effecting improvement in the quality of canvas cloth required by the industry.

(Para 21.10)

Bonding agents of desired quality were not available indigenously. It is understood that the CAPEXIL has taken up with the Ministry of Foreign Trade, the inclusion of bonding agents in the shopping list for canvas and rubber footwear.

(Para 21.11)

Testing facilities such as low temperature cabinets, are not available to the manufacturers. In view of the good demand for rubber footwear, especially gum boots, in countries such as Canada, Norway, Sweden and the U.K., the equipment required for testing footwear, which could stand low temperature, may be allowed to be imported under the scheme of imports of capital goods by export oriented units.

(Para 21.12)

Problems of Export

In the case of gum boots, the freight charges account for about 40 per cent of the f.o.b. value on exports to North American ports. The Western India Shippers' Association may approach the Conference Lines for reduction in the freight rates on these items.

(Para 21.13)

The cash assistance on the exports of gum boots was reported to be inadequate. The cost data furnished by one unit in support of its claim for enhancement of cash assistance has been examined in the Confidential Report of the Survey.

(Paras 21.18 & 21.19)

Export Prospects

The exports of rubber and canvas footwear from Maharashtra could be increased manifold provided the manufacturers are assured of the supply of raw materials, particularly rubber, at international prices and the freight disadvantage for the Indian industry is removed.

(Para 21.24)

22. Surgical and Medical Rubber Products

Maharashtra is one of the leading States in the production of surgical and medical rubber products, the industry being concentrated in Bombay.

(Paras 22.1 to 22.4)

I. Medical and Surgical Gloves

Production and Exports

The capacity in the State is about 14 million pairs per annum. The total production was 8.1 million pairs in 1968-69, the share of large scale sector being 7 million pairs. The production in the small scale sector has been almost stagnant at 1 million pairs during the last few years. The exports of surgical and post mortem gloves from the country increased from Rs. 15.9 lakhs in 1966-67 to Rs. 61.8 lakhs in 1968-69, the entire exports originating from Maharashtra. About 97 per cent of the exports were directed to USSR.

(Paras 22.5 to 22.8)

II. Hot Water Bottles and Ice Bags

Production and Exports

As against an installed capacity of 0.61 million pieces in the State, the production in 1968-69 was only 0.45 million pieces, the share of large scale sector being 0.38 million pieces. The underutilisation was mainly due to insufficient demand. The exports of hot water bottles and icebags from the country sharply declined from Rs. 73,000 in 1966-67 to Rs. 19,000 in 1968-69, Ceylon, Aden, Thailand and UK being the main markets. The share of Maharashtra in 1968-69 was Rs. 13,000.

(Paras 22.10 to 22.13)

III. Rubber Injection Bottle Caps and Hospital Sheetings

Production and Exports

As against an installed capacity of nearly 281 million pieces of rubber injection bottles, production in the State amounts to 263 million pieces only. Although hospital sheetings were previously produced in the State, there was no production at the time of the Survey. Exports of injection bottle caps worth Rs 1.80 lakhs were made to Bulgaria by a unit in Maharashtra in 1968.

(Paras 22.14 to 22.16)

Problems of Production and Export

At present, 80 per cent of the country's requirements of rubber are met by indigenous production. The price of latex was reported to be 50 per cent higher than the international price. The manufacturers have also to pay the Rubber Cess of 30 paise per litre. It is suggested that latex may be made available to the industry at international prices and exempted from Rubber Cess for export production.

(Paras 22.17 & 22.18)

The present production in the country of titanium dioxide is not sufficient to meet the requirement of the industry and the units have to pay very high price for its procurement. Till such time, adequate indigenous production becomes available, the State Government may permit an agency like the MSSIDC to maintain buffer stock of imported titanium dioxide for distribution to small scale units for export production. The industry also desired the inclusion of transparent zinc oxide and aluminium alginate in the shopping list.

(Paras 22.19 & 22.20)

There is need to encourage the industry in the use of porcelain moulds in place of wooden moulds so as to obtain superior finish and glossy surface to the gloves.

(Paras 22.23 & 22.24)

According to the Survey, the shortage of technical personnel in the industry has adversely affected the quality of production. With a view to create additional training facilities in Bombay, the State Directorate of Industries, after consulting the Indian Rubber Manufacturers' Research Association may approach the University of Bombay for starting a Diploma course in Rubber Technology for science graduates.

(Para 22.27)

The surveyed units have urged that the present export incentives are not adequate and have asked for cash assistance of 20 per cent and import replenishment of 40 per cent. The cost data furnished by one unit has been examined in the Confidential Report of the Survey.

(Paras 22.28 & 22.29)

It is learnt that in the USA and some West European countries, increasing use is being made of disposable gloves, which are used only once. Considering the future world demand, the industry in the State may take up the production of disposable gloves. It is suggested that the State Directorate of Industries, in consultation with the CAPEXIL, may examine the requirement of the industry and make recommendations to the Ministry of Foreign Trade and the DGTD for the imports of necessary equipment and moulds.

(Para 22.33)

Export Prospects

Being a labour-intensive industry, there is considerable scope for exports of quality surgical and medical rubber goods from India to Western countries. The industry from the State may be able to expand exports from the present level of Rs 60 lakhs to about Rs 80 lakhs by 1973-74.

(Para 22.34)

23. Gems and Jewellery

Production and Exports

Precious and semi-precious stones is primarily an import oriented industry. Production in the country not being significant rough stones have to be imported from abroad, processed in India in places like Gujarat, Rajasthan and Tamil Nadu and re-exported in finished form.

(Paras 23.1 to 23.3)

Exports of gems and jewellery from India have risen from Rs 10.5 crores in 1964-65 to Rs 41.9 crores in 1968-69. More than 73% of exports is accounted for by diamonds. The share of Maharashtra in the all India exports has risen from 80% in 1966-67 to 89% in 1968-69. The major export markets for gems and jewellery are the USA, Hong Kong, Switzerland, France, the UK, West Germany, Belgium, Canada and Kuwait.

(Paras 23.4 to 23.7)

Problems of Production and Export

At present, India gets supplies of precious stones such as diamonds, rubys, sapphires and emeralds from resellers in Europe. This has resulted in India getting poor quality roughs at higher prices. This can be avoided by arranging supplies directly from the producing countries

such as Ghana, Congo, Brazil, Burma and the USSR and from DTC, London which is marketing about 80% of the world's production of diamonds. Steps needed to facilitate such supplies would include permitting the re-export of unsuitable roughs obtained from DTC and import of corresponding quantity of suitable roughs and arranging direct import from producing countries.

(Paras 23.9 to 23.13)

- In order to reduce our dependence on Japan for the supply of pearls, efforts should be made by the Directorate of Fisheries, Government of Maharashtra to develop pearl fisheries in the State. The Gem and Jewellery Export Promotion Council may also impress upon the Governments of Tamil Nadu and Gujarat, where conditions are reportedly existing for the development of pearl fisheries, the need to develop this industry.

(Para 23.14)

In the interest of exports, ban on exports of small sized diamonds and seed pearls on consignment basis should be removed and import duty on semi-precious stones and mixed pearls should be abolished or refunded against exports.

(Paras 23.15 & 23.16)

Currently India imports mainly low quality rough diamonds which are processed mostly manually and re-exported. If India is to compete with countries like Israel and Belgium in the export of high quality diamonds, certain machinery, tools etc. required for processing them have to be imported. For promoting the exports of jewellery also, certain machinery may have to be imported. The Gem and Jewellery Export Promotion Council has already submitted the list of

machinery requirements to the Ministry of Foreign Trade. The Ministry may permit the import of all these items within the import replenishment permitted to the industry. Since in the superior quality and large sized diamonds, the raw material content is high, the present import replenishment of 70%, may have to be raised when the industry starts exporting them.

(Paras 23.17, 23.18 & 23.23)

In order to compete with Israel and Belgium, Indian craftsmen should be given training in the use of modern machinery. In this connection the schemes of Gem and Jewellery Export Promotion Council of setting up gem testing laboratories and training centres should be implemented expeditiously. The Government of India also may consider setting up schools to impart training in gem cutting and polishing. The State Government, on its part, may introduce gem cutting and testing as a subject in the technical institutions in Bombay at certificate course level.

(Para 23.19)

With a view to increasing the competitiveness of Indian jewellery, the Government of India may consider including the value of the base metal within the import replenishment or supplying against exports, base metal of equal quantity and fineness at international prices.

(Paras 23.20 & 23.21)

The restrictions of the Bombay Municipal Corporation regarding industrial zones should be relaxed for the gem and jewellery industry since this industry does not require much of machinery or power, there is no noise or health hazard to the residents and the valuable nature of the items need continuous watch on production.

(Para 23.22)

In respect of consignment exports the Reserve Bank rules for (a) bringing back the export proceeds within 6 months and (b) not reducing the f.o.b. value of goods without prior sanction may be relaxed.

(Paras 23.24 & 23.25)

For exports of gems and jewellery by air prior permit of RBI is necessary and the goods have to be delivered at the air-port under customs escort. Since these formalities lead to considerable delay, it is suggested that the RBI permit may be dispensed with or permit may be given for a longer period at a time and it may be made obligatory for airlines to accept gem and jewellery parcels at their city offices.

(Paras 23.26 & 23.27)

Conditions and procedures for treating sales of gems and jewellery to foreign tourists as exports are said to be very rigid. These conditions include minimum sale of Rs 75,000 per annum and maximum sale of Rs 10,000 to a foreign tourist at a time, possession of Money Changers Licence, import replenishment of 50% as against 70% on exports and the procedure laid down for claiming import replenishment etc. Since these rigid conditions give scope for mal-practices, the Government of India and the Reserve Bank may consider relaxation of these rules. The State Government, on its part, may abolish tax on sales to foreign tourists.

(Paras 23.28 to 23.32)

Export Prospects

Sales figures of DTC and the import figures of many countries indicate that there is good scope for stepping up the exports of gems and jewellery from India and Maharashtra.

Considering the developments that are taking place in the country in the field of augmentation of supply of raw materials, training of artisans etc. it is anticipated that exports of gems and jewellery from the State would reach Rs 65-70 crores by 1973-74, from the present level of Rs 37.4 crores.

(Para 23.33)

24. Cinematographic Films

Production and Exports

Maharashtra, the pioneer film producing State in the country presently accounts for 18% of the black and white films and 71% of the colour films produced in the country. Majority of the films produced in the State are in Hindi followed by Marathi.

(Paras 24.1 to 24.3)

Maharashtra is the leading state in exports of films and the industry in the State was responsible for foreign exchange earnings of 2.7 crores in 1968 forming 83% of all India exports. The main markets are East African and West Asian countries and the U.K.

: (Paras 24.4 & 24.5)

Problems of Production and Export

Indian films are generally lengthy and contain too many songs and dances. For gaining popularity in sophisticated markets, our films will have to be reduced in length, songs and dances should be reduced to the minimum and their direction should be considerably improved.

(Para 24.7)

More attention needs to be given by this industry to market research both at home and abroad. The Film Institute and IMPPA may include market research within the ambit of their activities.

(Para 24.8)

The main reason for the high cost of production of films in the State is the high payment made to film artistes. This problem may be solved by self regulation in the industry.

(Para 24.9)

As and when the proposed Film Development Fund is set up by the Government of Maharashtra, the State Government may earmark part of it to assist the export of films from the State.

(Para 24.10)

Smuggling of Indian films into foreign countries which is reported to be taking place regularly may be prevented by the concerned organisations coming together and evolving measures to plug the loop-holes in the existing laws against smuggling. Similarly, the other malpractice of exhibiting Indian films meant for one country in the neighbouring countries before they are destroyed/returned needs to be checked. To safeguard against this, a Government organisation such as the IMPEG may open offices in foreign countries and be put in charge of destroying/returning film prints after they complete their run.

(Paras 24.12 & 24.13)

Formalities relating to the registration of the firm contract between the Indian exporter and the foreign importer by the Registration Committee should be completed more expeditiously. For fixing a realistic export price the committee may be guided by the views of experienced people in the trade and industry.

(Para 24.14)

In many developing countries restrictions such as state trading, reduction of royalty payments, imposition of quotas etc. are placed on the import of films from India. Hard bargaining at the highest level is needed to sell films to such countries. Efforts at Government level are necessary to promote the export of films from India.

(Para 24.15)

Export Prospects

Though the Indian film industry is the second largest in the world, the market for her films is mostly within the country and the contribution of exports to total earnings is insignificant. Though restrictions have been placed on the import of Indian films into certain African and Asian countries, there are many countries in South America and East Europe where our films can be sold by sub-titling in their respective languages. The West European and USA markets can be tapped by tailoring our films to suit their tastes. Considering these prospects and the developments that are taking place in the film industry in the State, it is anticipated that export of films from the State would reach Rs 3.75 crores by 1973-74 from the present level of Rs 2.70 crores.

(Paras 24.16 to 24.18)

ECONOMY OF MAHARASHTRA -
EXPORTS OF MAHARASHTRA - A REVIEW
THE ROLE OF STATE GOVERNMENT IN
EXPORT PROMOTION
PORT AND SHIPPING FACILITIES
EXPORT FINANCE
EXPORT PRICING
TAXES AND LEVIES
QUALITY CONTROL AND PRE-SHIPMENT
INSPECTION
MANAGERIAL SET UP FOR EXPORT
PROMOTION
EXPORT HOUSES
INDUSTRIAL ESTATES

1. ECONOMY OF MAHARASHTRA

Area and Population

In respect of area as well as population, Maharashtra is India's third biggest state. With an area of about 3.06 lakh sq. km. and a population of 39.06 million (1961), it accounts for a little over 9 per cent of India's total area and population. In 1967, its population was estimated at 46.48 millions; Urbanisation in Maharashtra being relatively high, urban population accounts for 28.2 per cent of the total population as compared to the all-India average of 18.0 per cent. Working population constitutes 47.9 per cent of the State's population as against the corresponding figure of 42.9 per cent for the country.

Income

1.2 Historically, Western Maharashtra, Marathwada and Vidarbha form the three major regions of the State. The State's income (at 1955-56 constant prices) recorded an increase of about 156 per cent during the period, 1955-56 to 1966-67, and was higher than the corresponding increase of 144 per cent in the national income during the same period. The State income during 1968-69 at current prices was estimated at Rs 3,330 crores - agriculture and allied activities contributing roughly 34 per cent; industries, 31 per cent; and tertiary sector of trade, commerce and services, nearly 35 per cent. Although the per capita income of Rs 696 for the State is higher than Rs 543 for India, there are considerable disparities within the State. Excluding Bombay, the rest of the State is as backward as any average part of the country. The regional imbalances are reflected in the commerce of the State.

Agriculture

1.3 Agriculture contributes the largest share to the State's income. The net sown area accounts for about 58.5 per cent of the total geographical area, the corresponding percentage for the country being 45. Productivity of land is low, mainly due to meagre irrigation facility. The gross area irrigated increased from 10.17 lakh hectares in 1955-56 to 14.13 lakh hectares in 1966-67, i.e. by over 39 per cent. The area under irrigation formed only about 7 per cent of the gross cropped area as against 20 per cent in the country, by the end of 1965-66. Bhandara is the only district where more than one-fourth of the gross sown area is under irrigation while in as many as 12 districts, not even 5 per cent of the gross sown area has irrigation facilities. Besides, about 14 per cent of the State's total area is recognised as chronically drought affected.

1.4 Food crops occupy about 69 per cent of the total cropped area. Rice, wheat, gram, bajra and pulses are the major food crops, their production in 1968-69 being about 70 lakh tonnes.

1.5 Cotton, which is an important cash crop, is cultivated in the districts of Jalgaon, Buldana, Anand, Amraoti, Veerwar, Aurangabad, Parbhani, Nanded, etc. Maharashtra accounts for 24 per cent of the country's total cotton production and 45 per cent of the country's production of long staple cotton. The State produces more than a million tonnes of sugarcane per year, the districts of Kolhapur, Ahmednagar, Sholapur, Poona, Satara, Nasik and Sangli accounting for bulk of the

production. Tobacco is produced mainly in Kolhapur and Sangli districts and the production is about 8000 tonnes annually.

1.6 Maharashtra contributes 15 per cent of the production of groundnut in the country. The production of groundnut of about 7 lakh tonnes accounts for 80 per cent of the production of oilseeds in the State. Sesamum, rape, mustard and linseed are the other oilseeds produced. Dhulia, Jalgaon, Satara, Sangli, Sholapur, Bhir, Osmanabad, Kolhapur, Nasik and Aurangabad are the important oilseed producing districts.

1.7 Konkan tract in the State comprising districts of Thana, Kolaba and Ratnagiri is eminently suited to the cultivation of fruits such as cashewnuts, mangoes, and pineapples. The State Government has undertaken large scale plantation of cashew mainly in the Konkan region and it is expected that cashew may be an important item of export from the State in future. The plantation of coconut is also concentrated in the Konkan region and the production of 318 lakh nuts accounts for less than one per cent of the total output in the country.

1.8 Mango is cultivated on about 17,000 hectares of land mainly in the districts of Ratnagiri, Osmanabad, Kolaba, Bhir and Amraoti. Maharashtra with a production of about 7 lakh tonnes is the second leading producer of bananas in the country. The cultivation is concentrated mainly in the districts of Jalgaon, Parbhani, Thana, Aurangabad and Nanded. The State

produces about 40,000 tonnes of oranges and accounts for about 30 per cent of the total area growing this fruit in the country. The citrus fruits are mainly grown in the districts of Nagpur, Ahmednagar, Aurangabad, Amravati and Poona. Maharashtra is the leading producer of grapes in the country, producing about 34,940 tonnes. The production is mainly in the districts of Nashik, Ahmednagar, Aurangabad, Bhilar and Poona.

1.9 The production of potatoes, onions and chillies in the State amounts to 0.3 lakh tonnes, 3 tonnes and 0.9 tonnes respectively. Other condiments and spices such as ginger, turmeric, coriander and garlic are grown mainly in the districts of Nagpur, Chanda, Nanded, Osmanabad, Dhulia, Jalgaon and Sangli.

Forests

1.10 Forests cover 22 per cent of the total area. The current production of forest products, estimated at 2413 thousand cubic metres (1965-66) falls short of the domestic demand. The major forest areas in the State are Western Ghats, the Satpura range along the northern fringe of the State and the Yeotmal-Chanda regions. They produce various types of timber, firewood and other minor products such as bamboos, tanning materials, gums and resins, and tendu leaves. Teak wood is one of the important forest products available in Maharashtra. Shellac is being manufactured in Bhandara district and in 1968-69, of the production of 1430 tonnes in the State, 79 per cent was exported.

Fisheries

1.11 The production of fish is estimated at 2 lakh tonnes per year, marine fish accounting for about 90 per cent of the total fish production. With a coastline of

720 km, the State offers good scope for marine fishing. Maharashtra accounted for over 13 per cent of the total production of marine fish in India in 1968. Thana and Bombay districts share nearly 70 per cent of the State's total landings. The major varieties of fish exported from the State are prawns and Bombay ducks. Other varieties, having good export potential, are pomfrets, sardines, eels, mackerels, etc.

Minerals

1.12 Iron ore, manganese ore, coal, limestone and bauxite are the major minerals in the State. Maharashtra with the coal deposits of about 5,600 million tonnes, mainly in the districts of Nagpur, Chanda and Yeotmal, accounts for over 4 per cent of the coal reserves in the country. The coal is generally of non-coking variety and is used as fuel in industry and for power generation.

1.13 The estimated reserves of manganese ore are about 50 million tonnes, as compared to 183 million tonnes in the country. Nagpur and Bhandara districts possess some of the largest deposits in India. The high grade ore is partly exported and partly used in the manufacture of ferro-alloys. The low grade ore is supplied to the steel plant at Bhilai.

1.14 The estimated reserves of iron ore in the State are about 110 million tonnes and the major deposits are confined to Chanda, Bhandara and Ratnagiri districts. Some of these deposits are being exploited for export. Large deposits of high grade ore have

also been located in the Surjagarh area in Chanda district.

1.15 With reserves of bauxite estimated at 34 million tonnes, Maharashtra accounts for 38 per cent of the total reserves in the country. The reserves of chromite mainly in the districts of Ratnagiri and Bhandara, have been roughly estimated at 0.62 million tonnes and are about 10 per cent of the total known reserves in India.

Industry

1.16 Maharashtra is considered to be the premier state in the field of industries, accounting for 17 per cent of the country's productive capital, 24 per cent of the gross value of output and 25 per cent of the value added by manufacture in the factory sector.

1.17 Maharashtra has all along been very fortunate in having entrepreneurial skill and during the last decade, because of the favourable industrial climate, a large number of entrepreneurs have come forth from all parts of the country to start new industrial ventures. Many of them have successfully undertaken the manufacture of sophisticated products in electronics, dyes, paints, pharmaceuticals, etc., have developed new processes and helped import substitution.

1.18 The industrial activity is, however, concentrated in the Bombay-Thana and Poona-Pimpri regions, mainly due to favourable economic factors such as the existence of one of the finest natural ports, accessibility to sources of raw materials and the availability of transport and communications facilities, electric power and abundant supply of labour. Of the total

number of 9,209 factories in the State, about 67 per cent are located in these two regions, and account for 77 per cent of the factory employment in the State.

1.19 The textile industry with 94 spinning and weaving mills, 2 viscose rayon factories and 16 woollen mills, occupies a prominent position. Maharashtra ranks next only to U.P. in the production of sugar and the majority of sugar factories are organised on co-operative lines. In recent years, the industrial structure of Maharashtra has been greatly enriched and diversified with the expansion of existing industries and the establishment of new ones.

1.20 Remarkable expansion has taken place in the engineering industry, mainly in the Bombay-Poona region, in the manufacture of machine tools, wires and cables, automobiles and ancillaries, typewriters, refrigerators, wireless receiving sets, scooters, machinery for textile and chemical industries, fabrication of heavy structurals and manufacture of specialised products like twist drills, cutting tools and grinding wheels. The Poona-Kolhapur region specialises in the manufacture of agricultural implements, diesel engines, sugar mill machinery, jeep trailers, power-looms, lathes, iron and steel castings, etc. The refining of antimony and the manufacture of self-fabricating gun-metal bushes and cycle free-wheels are the specialised metallurgical industries. In the field of electrical engineering, electric motors, power transformers, switch-gears and cables are the important products manufactured.

1.21 The chemical industry covers a wide variety of products such as organic and inorganic chemicals, industrial alcohol, dyestuffs, ceramic and glass products, gases, oils and soaps, paints, pigments and varnishes, plastics and rubber goods. A beginning has been made in the development of petro-chemical industry in the country by the establishment of naphtha cracker plants and the manufacture of high density polyethylene, phenol, acetone, phthalic anhydride, ethylene oxide, diacetone alcohol, etc. in Maharashtra. Fertilisers and pesticides are also being manufactured in the State, the factory at Trombay of the Fertiliser Corporation of India being the major manufacturer of fertilisers.

1.22 The small scale sector accounts for 30 per cent of the industrial output and 38 per cent of factory employment. The important industries in this sector are engineering products such as stainless steel utensils, hardware, steel bars, pressure stoves and lanterns, electrical accessories and appliances, fountain pens, plastic utility, industrial and electrical parts, readymade garments, leather products, preserved fruits, paper products, automobile and other rubber goods.

1.23 The State Government plays an important role in promoting industrial development by providing infrastructure and facilities essential for development of industries. Since the Third Five-year Plan, emphasis has been laid on encouraging balanced agro-industrial development, dispersal of industries to under developed areas and encouragement to small scale industries. The

entrepreneurs are encouraged to establish industries outside Greater Bombay and Poona complexes through a package scheme of incentives.

Transport and Communications

1.24 Bombay is served by two railway systems, the Central and Western Railways. Starting from Bombay, these two systems fan out in all directions and cover between them nearly a fifth of the Indian subcontinent, thus affording quick rail transportation to Bombay.

Nagpur is advantageously situated on the Bombay-Calcutta rail link and Delhi-Madras Grand Trunk route, enabling easy movement of goods from or to any part of the country. However, taking the State as a whole, its progress in the field of transport and communications has not been satisfactory. The total railway length in the State is only 5,420 km; or about 1.71 km per 100 sq. km of area as against the average of 1.80 km per 100 sq. km in the country. Most of the areas in Konkan and Marathwada lack railway facilities. Ratnagiri district has no railway lines at all.

1.25. The State is also very much lagging behind in the road kilometerage as compared to other states in the country on the basis of area and population. With its kilometerage of 16.9 km per 100 sq. km. of area, it ranks 14th in the country, the corresponding average for the country being 26 km per 100 sq. km. On the basis of population, the State ranks 13th in the country with its road length of 131 km per lakh of population, which is also less than the average of 173 km per lakh of population for India.

1.26 Bombay is the major port handling about 33 per cent of the total sea-borne trade in terms of value of the country. There are 49 minor ports, including an intermediate port at Ratnagiri. The minor ports require to be improved for the development of Konkan region. In the matter of natural facilities for shipping, Bombay is one of the best ports in the world. Bombay handles about 43 and 22 per cent of India's imports and exports respectively in terms of volume. In order to meet the increasing traffic, the port authorities have drawn up a long term development plan, the details of which are given elsewhere in the Report. In addition, during the Fourth Plan, the development of all-weather port of Bhagwati Bunder, at Ratnagiri and a fair weather port at Mandwa will be completed along with the development of selected minor ports.

1.27 Bombay is an important international airport and all the major cities in the country are linked with it. Nagpur is also well connected by air with Bombay, Calcutta, Delhi, Bhopal, Hyderabad and Madras.

Fourth Five-Year Plan^{*}

1.28 The Fourth Five-Year Plan of Maharashtra will be of the order of Rs 1,000.22 crores in the public sector. The allocations are: agricultural programmes, Rs 179.86 crores; co-operation and community development, Rs 170.00 crores; power projects, Rs 300.00 crores; industry and mining, Rs 25.00 crores; transport and communications,

* The details furnished are based on the Draft Fourth Five-Year Plan, published by the Government of Maharashtra, in October, 1968. However, it is since understood that the Plan is likely to undergo revision.

Rs 86.05 crores; social services, Rs 212.96 crores; and miscellaneous, Rs 1.55 crores.

1.29 Agricultural programmes including irrigation will receive the highest priority. The main object is to increase the production of food crops so as to minimise the gap between availability and requirement of food crops. The production of commercial crops will also be stepped up to meet the needs of industry and export.

1.30 In industry, the pattern of investment and the structure of industrial organisation will be so designed as to promote rural industrialisation and provide support to the agricultural economy, through the establishment of agro-industries, integration of industrial growth in large urban complexes with ancillary industries in rural areas in the hinterland of such complexes and through dispersal of large and medium projects to the underdeveloped areas. Greater emphasis will be laid on agricultural processing industries in the co-operative sector, and adoption of middle technology for modernising traditional village and small industries. The structure of industrial investment will be expanded to cover mineral-based and forest-based industries also. The industrial sector is envisaged to grow at the rate of 12 per cent per annum.

1.31 The programme for transport and communications, with a view to meet adequately the needs of transportation for growing economy, gives high priority to the development of communication facilities in the areas that are hilly and inaccessible, so as to open them out to future development. Provision has also been

made for the development of roads in Bombay city and for solving the problem of water supply to the city and the industries in and around it.

1.32 The present installed capacity of power generation is 1,750 M.W. (839 M.W. hydro, 721 M.W. thermal and 190 M.W. nuclear). The anticipated demand in the State for electric power by 1973-74 will be about 2,490 M.W.. Taking into consideration the programmes in the Fourth Plan, it is expected that the State will have a deficit of 137 M.W. by 1973-74. However, the nuclear power from Tarapore, power from thermal stations at Paras, Bhusaval, Nasik, Parli and Koradi, and from the Tata-Koyna System may meet the requirement of various industrial regions of the State by the end of the Fourth Plan.

Exports

1.33 Maharashtra accounts for about 14.4 per cent of total exports from India. In 1968-69, its exports formed 7 per cent of the State's income, whereas the corresponding percentage for the country is about 9. Non-traditional items account for a significant share of the State's Exports. Exports from Maharashtra are reviewed in the next chapter.

2. REVIEW OF EXPORTS FROM MAHARASHTRA

Trade statistics published by the DCI&S, Calcutta, are based on the returns prepared by Custom Houses. Accordingly the trade statistics published by that office are for India as a whole and the break-up of the export trade by State origin is not available. The statistics of exports effected from the Bombay Port as well as other ports falling within its customs zones are also published by that office, but because of the strategic position occupied by the port of Bombay and the vast hinterland of not only the State of Maharashtra but also of Gujarat, Madhya Pradesh etc. being served by it, the figures of exports from the Bombay port do not necessarily indicate exports originating from Maharashtra.

2.2. Exports from the Bombay Port comprise the following:

1. Items produced in the State.
2. Items produced in the State with raw materials imported from abroad or from other States in India. Maharashtra's exports falling under this category could be classified according to the processing undergone and the value added by manufacture in the State. For instance, value added by manufacture in the State would be substantial in the case of cotton textiles or would be small as in the case of simpler items like pulses or spices.
3. Items for which raw materials are imported by entrepreneurs in Maharashtra and produced or processed outside the State on their own account. Items like precious and semi-precious stones, gems and jewellery would fall under this category.

4. Items bought by merchant exporters from producers in the State as well as from outside for export. The merchant export trade in Bombay has been developed over decades and has significantly contributed to the export trade of the country. Items so exported from the Bombay Port include leather and leather manufactures, woollen carpets, spices, etc.

2.3 Strictly speaking, items falling under the first two categories should be taken into account for determining the State's exports. However, as the merchant community in Bombay is responsible for the development of the exports of items falling under the third category, such exports have also been included in Maharashtra's exports. With regard to the exports by the merchant exporters, only those items which are produced in the State have been included in the estimate of Maharashtra's exports. In addition to exports from the Bombay port attributed to Maharashtra as indicated above, a few items produced in the Nagpur, Vidharba region are exported through other ports such as Calcutta. An attempt has been made during the Survey to estimate Maharashtra's exports for 1968-69 on the basis of field investigations in the case of surveyed items and discussions with concerned organisations and knowledgeable people in the State in respect of unsurveyed items. Composition of the State's exports vis-a-vis all India exports classified under broad groups is given in the table below:

TABLE 1

Exports From India And Maharashtra
1968-69

Value: Rs Crores

<u>Commodity Groups</u>	<u>India</u>	<u>Maharashtra</u>		<u>Percentage Share of Exports of Each Group to Total Exports</u>
		<u>Total</u>	<u>Surveyed Items</u>	
1	2	3	4	5
I. Agricultural and Allied Products	270.17	39.50	3.80	19.2
II. Ceres, Minerals and Seraps	131.50	5.80	-	2.8
III. Textile Manufactures	117.95	58.50	9.14	28.4
IV. Leather and Leather Manufactures	87.17	5.00	0.72	2.4
V. Basic Chemicals, Drugs and Pharmaceutical Products	12.71	8.45	2.84	4.1
VI. Chemicals and Allied Products	26.47	7.47	4.94	3.6
VII. Petroleum Products	9.43	4.25	-	2.1
VIII. Plastics and Linoleum	6.19	3.67	3.65	1.8
IX. Engineering Goods (excluding primary steel)	84.97	25.00	9.84	12.1
X. Primary Steel	69.29	5.00	-	2.4
XI. <u>Miscellaneous</u>				
(a) Gems and Jewellery	41.90	37.40	37.40	18.2

	1	2	3	4	5
(b) Cinematographic Films		3.27	2.71	2.71	1.3
(c) Others		<u>507.03</u> <u>498.58</u>	<u>3.37</u> <u>3.25</u>	0.37	1.6
Grand Total		<u>1,360.00</u>	<u>206.00</u>	<u>75.41</u>	<u>100.0</u>

Note: Items under V cover inorganic and organic chemicals, drugs, pharmaceuticals and fine chemicals, dyes and intermediates, alcohol and coal-tar chemicals, glycerine, soaps, cosmetics, detergents, agarbattles, agro-chemicals and salts.

Items under VI cover rubber manufactured products, automobile tyres and tubes, paints, varnishes and allied products, glass and glassware, ceramics and allied products, processed minerals and refractories, paper and paper board, paper products (excl. publications), books and other printed materials, fertilisers including crushed bones and bone grist, plywood and plywood products including hard board or wood fibre, and unspecified items.

Source: i) D.C.L&S, Calcutta
 ii) Concerned E.P. Councils
 iii) Field Survey

Survey Estimates

2.4 Total exports of Maharashtra during 1968-69 were estimated at Rs 206 crores constituting nearly 15 percent of all India exports. Maharashtra is the second largest exporter among the states in India, West Bengal being the first. Groupwise Maharashtra's exports mainly consist of textile fabrics and manufactures (28 percent), agricultural and allied products (19 percent), engineering products (15 percent), gems and jewellery (18 percent), basic chemicals, drugs, other chemicals and allied products (8 percent) and others (12 percent). Maharashtra's exports under prominent groups are analysed in the following paragraphs.

I. Agricultural and Allied Products

2.5 India's exports of agricultural and allied products (excl. plantation crops) increased from Rs 239.6 crores during 1966-67 to Rs 270.17 crores in 1968-69. The main items of export in this group are cashew kernels, oilcakes, unmanufactured tobacco, spices, raw sugar, raw cotton and waste, vegetable oils and oilseeds and marine products. Exports from Maharashtra valued at Rs 39.50 crores mainly consisted of oilcakes, raw sugar, fresh and processed fruits, fish and fish preparations, raw cotton and waste, oilseeds, spices and pulses. Oilcake is one of the largest items exported from the Bombay Port and this comes not only from Maharashtra but also from Gujarat and other States. Discussions during the Survey revealed that out of the total exports from the Bombay Port amounting to Rs 21 crores in 1968-69, those of Maharashtra's origin were nearly Rs 18 crores. The bulk of the exports of sugar from India (Rs 10 crores) was of Maharashtra's origin.

2.6 As regards fruits and vegetables, although considerable quantities of cashew kernels were being exported from the Bombay Port, less than one per cent was reported to be originating from Maharashtra. Among other fruits, bananas and mangoes are the most important and the value of their exports during 1968-69 from Maharashtra amounted to about Rs 60 lakhs. Frozen shrimps, canned prawns and dried fish were the main items of India's exports of marine products and these had increased from Rs 7.1 crores in 1964-65 to Rs 24.7 crores in 1968-69. Exports of Maharashtra mainly consisted of frozen and canned marine products, amounting to Rs 1.64 crores and Rs 3.24 lakhs in 1968-69 respectively. Exports of marine products from Maharashtra constituted 11 per cent of all-India exports during 1968-69.

2.7 Among cotton and cotton waste, Maharashtra's exports were only of cotton waste amounting to Rs 2 crores out of all India exports of Rs 4 crores of cotton waste. In oilseeds, India's exports of Rs 7.3 crores mostly consisted of groundnut kernels and shelled HPS, of which Maharashtra's share was estimated to be Rs 1 crore. In vegetable oils, India's exports of Rs 11.71 crores consisted of castor oil (Rs 9.89 crores) and cashew shell oil (Rs 1.23 crores) and hydrogenated vegetable oil (Rs 21 lakhs). Maharashtra's exports mainly consisted of castor oil BP quality (Rs 22 lakhs).

2.8 While India as a whole exported varieties of spices, Maharashtra's exports consisted mainly of turmeric and curry powder whose value was estimated at Rs 1.6 crores during 1968-69. India's main exports of pulses consist of mussoor, moong, arhar, urd, gram whole and broken. Maharashtra's exports mainly consisted of urd, and moong broken and whole, the value

of which was estimated at Rs 50,000 in 1968-69.

2.9 India's exports of processed fruits increased from Rs 6.31 crores in 1966-67 to Rs 9.63 crores in 1968-69. The main items comprising this group are walnuts, guar gum, canned and bottled fruits and vegetables, pickles and chutneys, biscuits and confectionaries and other processed fruits (e.g. papads). Exports from Maharashtra mainly consisted of pickles and chutneys, canned and frozen meat, mango pulp and nectar, sugar and chocolate confectionery and coca-cola concentrates and the exports of these were estimated at Rs 283 lakhs.

II. Ores and Minerals

2.10 India's exports of ores, minerals and scraps were valued at Rs 131.61 crores during 1968-69 as compared to Rs 118.46 crores in 1967-68 and Rs 115.11 crores in 1966-67. Iron ore, manganese ore, mica and iron and steel scrap are important items under this category. In this group, significant quantities of exports originating from Maharashtra were of iron and steel scrap amounting to Rs 2.1 crores. Maharashtra's exports constituted nearly 25 per cent of all-India exports (Rs 8 crores) of iron and steel scrap. During 1968-69, exports of iron ore and manganese ore originating from Maharashtra were estimated at Rs 1.9 crores and 1.7 crores respectively. These accounted for 3 and 15 per cent of all-India exports of these ores respectively.

III. Textile Fabrics and Manufactures

2.11 In this group, cotton fabrics, yarn, apparel and hosiery products are the major items of export. Cotton textile exports had been declining since 1966. However, as a result of various steps taken, the declining trend

was arrested in 1968 and exports generally improved since then. Grey fabrics constitute the bulk of India's exports followed by other categories such as white, piece-dyed, and printed fabrics. Bulk of the exports of grey fabrics originate from Maharashtra. Exports of finer varieties are shared by Maharashtra alongwith Gujarat and other States. India's exports of cotton yarn had reached a new high (Rs 14.32 crores) in 1968-69; Maharashtra's share in these exports was estimated to be 50 per cent. Maharashtra's share of all-India exports of cotton apparel, hosiery and other manufactures was also estimated at about 50 per cent of the total.

2.12 In the all India exports of woollen fabrics amounting to Rs 2.24 crores in 1968-69, Maharashtra's share was estimated at 80 per cent. In silk and synthetic fibre fabrics, India's exports were of the order of Rs 3.5 crores. The export trade was mainly shared by Maharashtra and Gujarat States and Maharashtra's share was reported to be 70 per cent of the total.

IV. Leather and Leather Goods

2.13 India's exports of leather and leather manufactures had reached the level of Rs 72.67 crores during 1968-69. Among these, East India Tanned Hides and Skins accounted for 68 per cent followed by chrome tanned leather (24 per cent). India's exports of leather manufactures were valued at Rs 615 lakhs during that year showing a remarkable rise over the previous two years. Maharashtra's exports were estimated at Rs 4.25 crores in the case of leather and Rs 75 lakhs in the case of leather manufactures, constituting 5.9 per cent and 12.2 per cent of the total respectively. Of these, exports from Dharavi

area alone account for 80 per cent. Among leather manufactures, Maharashtra's exports mainly consisted of Kolhapuri chappals, leather footwear, industrial leather goods and other leather manufactures.

V. Basic Chemicals, Drugs and Pharmaceuticals

2.14 Exports from India and Maharashtra of these products may be classified under the following groups:

TABLE 2

Exports of Drugs and Basic Chemicals from
India and Maharashtra: 1968-69

Value: Rs lakhs			
<u>Items</u>	<u>India</u>	<u>Maharashtra</u>	<u>Share of Maharashtra (%)</u>
I. Drugs, Pharmaceuticals and Fine Chemicals	506	372	73.5
II. Dyes, Intermediates, Alcohol and Coal tar Chemicals	126	121	96.0
III. Organic and Inorganic Chemicals	264	164	62.1
IV. Glycerene, Soaps and Detergents	172	126	73.2
V. Agro-Chemicals	8	4	50.0
VI. Agarbatties	97	48	49.5
VII. Salts	98	10	10.2
Total	<u>1,271</u>	<u>845</u>	<u>66.5</u>

Source: (i) CHEMEXIL
(ii) Field Survey

India's exports of all these items have shown a rising trend in the last three years. Maharashtra's exports have also shown the same trend. As the table above indicates, Maharashtra accounted for 66.5 per cent of all India exports.

VI. Other Chemicals and Allied Products

2.15 Exports from India and Maharashtra falling under this group are indicated below:

TABLE 3

Exports of Chemicals and Allied Products from
India and Maharashtra: 1968-69

<u>Items</u>	<u>India</u>	<u>Maharashtra</u>	<u>Share of Maharashtra (%)</u>
I. Rubber Manufactured Products	397.3	83.4	21.5
II. Automobile Tyres & Tubes	330.6	164.6	49.8
III. Paints, Varnishes and Allied Products	274.6	169.4	61.7
IV. Glass and Glassware	146.1	23.0	15.7
V. Paper, Paper Boards, Publication Books etc.	582.8	105.0	18.2
VI. Ceramics, Asbestos Cement Products	434.9	10.1	2.3
VII. Fertilisers (incl. crushed bones)	398.7	195.3	49.0
VIII. Plywood and Plywood Products	48.4	17.5	36.2
IX. Unspecified Items	33.5	-	
Total	<u>2,646.9</u>	<u>747.0</u>	<u>28.2</u>

Source: (i) CAPEXIL

(ii) Field Survey

In this group, rubber products, ceramics and allied products, paper and paper board have shown a rising trend and Maharashtra exports have also shared this trend. Maharashtra accounted for 61.7 per cent of all India exports of paints and varnishes 18.2 per cent of paper and paper products and 49.0 per cent of fertilisers (incl. crushed bones).

VII. Petroleum Products

2.16 India's exports of petroleum products increased from Rs 8.5 crores in 1966-67 to Rs 9.43 crores in 1968-69. Among the biggest refineries in the country, two are situated in Maharashtra and their contribution to all India exports was estimated to be around Rs 4.25 crores in 1968-69.

VIII. Plastics

2.17 Exports of plastics and linoleums from India achieved a real break-through in 1968-69. Exports during that year totalled Rs 6.19 crores as compared to Rs 3.77 crores in 1966-67 and Rs 3.29 crores in 1967-68. The main items of India's exports are linoleum, PVC sheetings and leather cloth, bangles, spectacle frames, fountain pens and polythene line jute bags. The plastic industry is concentrated in Maharashtra and the State accounts for 80 per cent of production and bulk of exports. The Survey further revealed significant increasing trend in exports, particularly of fountain pens, PVC fabricated goods, plastic moulded goods and plastic extruded goods.

IX. Engineering Goods

2.18 India's exports of engineering products (excluding primary steel items) increased from Rs 23 crores in 1966-67 to Rs 85 crores in 1968-69. Maharashtra's exports during

1968-69 were estimated to be Rs 25 crores, accounting for nearly 29.4 per cent of the total. Maharashtra's exports have also shared in the rising trend in exports of engineering products. Maharashtra has specialised in the exports of railway wagons, C.I and steel castings, pipes and tubes, diesel engines, auto parts, textile machinery, bicycles and parts, and small tools. Amongst smaller items, Maharashtra's share in the exports of industrial diamond tools, pressure stoves and lanterns, dry and storage batteries is substantial. Exports of railway wagons from Maharashtra amounted to Rs 3.5 crores in 1968-59. Among the main items of exports from the State, machine tools, textile and knitting machinery, builders' hardwars, agricultural implements and PVC insulated wires and cables have shown a significant rise in the recent years. Of the all India exports of primary steel of Rs 69 crores in 1968-69, Maharashtra's share is estimated to be around Rs 5 crores.

X. Miscellaneous

2.19 (i) Gems and Jewellery. India's exports of gems and jewellery increased from Rs 22 crores in 1966-67 to Rs 41.90 crores in 1968-69. Likewise, exports from Maharashtra rose from Rs 17.16 crores in 1966-67 to Rs 37.4 crores in 1968-69. Bombay accounts for nearly 90 per cent of India's exports of gems and jewellery.

2.20 (ii) Cinematographic Films. India's exports of cinematographic films increased from Rs 221 lakhs in 1966 to Rs 327 lakhs in 1968. Exports from Maharashtra correspondingly rose from Rs 208 lakhs in 1966 to Rs 271 lakhs in 1968. Maharashtra accounts for about 83 per cent of the total film exports from India.

EXPORT PROSPECTS

2.21 During the Survey, field investigation was undertaken in respect of nearly 100 items, all non-traditional in character. Actual exports of these items grouped under broad categories are indicated below alongwith estimated exports by 1973-74. Total exports of the Surveyed items were estimated to be Rs 75 crores constituting nearly 36 per cent of Maharashtra's exports. The coverage of 36 per cent in the estimated exports of Maharashtra was in a way intentional because the Survey aimed at examination of problems and prospects of non-traditional items whose present exports were comparatively small in value and the State Government was interested in examining their export potential. Problems and prospects in respect of surveyed items have been dealt with in Volumes III to IV of the Survey. The following table indicates exports of surveyed items by 1973-74 based on field investigation:

TABLE 4

Exports of Surveyed Items: Present and Projected

Groups	Value: Rs lakhs	
	Current Exports	Estimated
	(1968-69)	Exports (1973-74)
I. Agricultural Products	380.0	1,414.0
II. Textile Manufactures	914.0	2,130.0
III. Leather and Leather Manufactures	72.0	150.0
IV. Basic Chemicals, etc.	284.0	1,262.0
V. Chemicals and Allied Products	494.0	688.0
VI. Plastics	365.0	1,145.0
VII. Engineering Items	984.0	1,975.0
VIII. Miscellaneous		
i) Cinematographic films	271.0	375.0
ii) Gems and Jewellery	3,740.0	6,500.0
iii) Others	37.0	-
Total	<u>7,541.0</u>	<u>15,639.0</u>

For detailed break-up of various groups mentioned above, reference may be made to Annexure 2a.

3. ROLE OF STATE GOVERNMENT IN EXPORT PROMOTION

It is now being increasingly recognised that State Governments have a significant role to play in developing the export base of their respective areas and in taking requisite measures to expand exports within the framework of the export policy and schemes laid down by the Union Government. Such an endeavour by the State Governments, in addition to contributing to the expansion of total exports, will immensely add to the generation of new economic activities in the State. Apart from the advantages of increased employment opportunities and a higher level of income and prosperity at all levels, increased exports will provide to the States various indirect but nonetheless important benefits. While making requests for adequate assistance to such bodies as the Finance Commission, on the ground of their developmental needs, the States can also take into account their role in meeting the national obligation to earn more foreign exchange through exports in the overall interest of the country.

3.2 A beginning was made during the Third Plan period to widen the scope of export activity at State level. For instance, export promotion cells were created by all the States, mostly in the State Directorates of Industries, and the Directors of Industries and Commerce were named Liaison Officers to co-ordinate the activities relating to the export effort of the Union Ministry of Foreign Trade. High level Export Promotion Advisory

Boards/Export Promotion Committees under the Chairmanship of Chief Minister/Industries Minister have been constituted in most of the States. These advisory bodies which are composed of officials and non-officials, aim at boosting exports by formulating suitable policies at the State level, identifying the handicaps and recommending remedial measures.

3.3. In the context of the 7 per cent annual growth rate in exports visualised during the Fourth Plan period, the States will have to make a dynamic endeavour to achieve the three-fold objective of formulating policies, co-ordinating effort between Governmental agencies and business houses, and executing the actual programme of exports at commodity level. In order to achieve this three-fold objective, it is necessary to mobilise the organisational resources and also to devise a suitable set-up in the State to direct the endeavours of the State more actively into operational channels.

3.4 There are certain spheres of export promotion where the State Government can make an effective contribution. These are as under:-

- a) Provision of adequate land, water, power, raw materials, technical assistance, etc. to the industries in the State;
- b) Relief in octroi, sales tax, electricity duty, etc. for various export-oriented industries.
- c) Provision of adequate warehousing facilities for various exporting units;
- d) Laying down suitable quality marking standards for products manufactured by small scale units in the State, so as to make them exportworthy;

- e) Assistance in marketing the products of small-scale sector, through State-sponsored organisations;
- f) Provision of a sound local base to export-oriented industries by purchasing their products by Stores Purchase Organisations of the State for various Government Departments;
- g) Assistance to small-scale units by participating in international trade fairs and exhibitions;
- h) Dissemination of commercial intelligence to various export-oriented units in the State by publishing periodically bulletins, newsletters, directories, etc.;
- i) Organisation of production for exports in respect of various items such as fisheries, minerals, agro-based items, etc., in the State;
- j) Effective liaison between the units in the State and Central Government, Central Government Organisations, Export Promotion Councils, etc.

3.5 In regard to certain other spheres such as export assistance, drawbacks, export credit, export inspection, etc., the State Government can examine the grievances of the industry in the State and use their good offices with the Central Government, Departments, Organisations, Government Trading Corporations, Export Promotion Councils, etc. for necessary assistance. Thus, State Government is yet another avenue for the export-oriented industries in the State to take up certain vital issues concerning export promotion with the Centre.

3.6 Maharashtra is one of the leading Industrial States of India. Due to the excellent port, transport and communication facilities and entrepreneurship, it has already acquired a significant share in the country's

export trade. Being alive to the State's role, the Government of Maharashtra has already established organisations and institutions to effectively assist the export trade of the country.

3.7 In the light of the above, the role of the State Government in Maharashtra State has been examined under the following heads:

- I. State Board for Export Promotion, Commodity Panels and Export Promotion Cell of the Directorate of Industries;
- II. Role of State sponsored organisations in the State;
- III. Role of State Government in the development of underdeveloped regions in the State so as to make them export conscious; and
- IV. State Government policies in certain specific fields.

I. STATE BOARD FOR EXPORT PROMOTION,
COMMODITY PANELS & DIRECTORATE OF
INDUSTRIES

i) State Board for Export Promotion

3.8 With a view to intensifying the export effort in the State, the Government of Maharashtra established a State Board for Export Promotion in June, 1965, under the Chairmanship of the Chief Minister of Maharashtra. The Board comprises prominent businessmen, representatives of various export organisations, associations of trade and industry and officials of the State and Central Government. While the Minister for Industries is the Vice-Chairman of the Board, the Director, Export Promotion, acts as its Member-Secretary. The tenure of the Board is for a period of six years from the date of establishment.

The main objectives set before the Board are:

- a) to assess the export potential of the State and set overall targets of exports of products of the State;
- b) to review periodically the progress of foreign trade originating in the State and to investigate the causes of shortfalls, if any, in particular fields;
- c) to evolve measures in regard to tax relief to the extent practicable, provision of inland transport facilities and assistance in setting up units for production or assembling for export purposes;
- d) to review functioning of the State Directorate of Export Promotion and to prescribe appropriate lines of action;
- e) to recommend to the Government of India measures of assistance needed to overcome particular handicaps which might come to light.

3.9 It was contemplated that the Board will meet once in three months or more often if considered necessary. The subjects which come up for consideration before the Board were quite important from the angle of export promotion. These included suggestions and recommendations made by various Panels set up under the Board, problems of various industries located in the State, taxes and levies, review of the export promotion measures adopted by the Government, review of the action taken by the Export Promotion Cell of Directorate of Industries on various suggestions and recommendations in the previous meetings, participation in various fairs and exhibitions, adequacy of facilities in respect of quality marking and inspection of exportable commodities, warehousing facilities, etc.

3.10 Even though the Board was constituted as early as in June 1965, only four meetings have been held so far. The importance of such a high-powered Board to advise the State Government on problems of export promotion needs hardly any emphasis. However, the utility diminishes if such a Board does not hold its meetings frequently, particularly when the needs of the export trade warrant immediate attention. It is desirable that the Board holds a meeting at least once in six months.

ii) Panels

3.11 Simultaneously with the setting up of the State Board for Export Promotion, the following separate Panels were constituted to advise the State Board in matters relating to export promotion:

1. Engineering goods
2. Textiles including synthetic fabrics, handloom and powerloom products
3. Plastics, rubber and leather goods
4. Minerals
5. Chemicals, drugs and pharmaceutical products
6. Food, agriculture and forest products
7. Small-scale industries products

3.12 The tenure of these Panels is for a period of six years. Each Panel is headed by a knowledgeable and leading exporter in the field. The members of the Panels include prominent industrialists, representatives of various export organisations and Export Promotion Councils.

3.13 The functions of each Panel are to consider difficulties of the exporters and to suggest appropriate remedial measures, to assess export prospects in foreign

markets and to undertake product promotion and publicity. Each Panel makes recommendations on these points to the State Board for Export Promotion. A meeting of the Chairmen of all the Panels is convened from time to time to co-ordinate the work of different Panels and to act as a link between these Panels and the main Board. The Secretary to Government of Maharashtra, Industries and Labour Department is the Chairman of this Co-ordinating Committee of Panel Chairmen. The items considered by these Panels include problems faced by exporters in respect of each Panel, suggestions of various members, review of import policy, adequacy of warehousing facilities, drawbacks, taxes and levies, etc.

3.14 A review of the activities of the State Board for Export Promotion and various Panels constituted by the Board indicates that in the matter of providing essential infrastructure, such as land, water, power to the industries located in Maharashtra State, they have been able to achieve some success. For instance, the Panel on Chemicals, Dyes & Pharmaceuticals took up the issue of marginal expansion of export-oriented units in Greater Bombay. Again, the Panel on Plastics, Rubber and Leather Goods succeeded in making Bombay Municipal Corporation to agree for the plastic bangle industry to rehabilitate themselves in conforming zone in Kandivli-Borivli area by forming a cooperative industrial estate. The Panel on Plastics, Rubber and Leather Goods pursued with the Bombay Municipal Corporation the difficulties in obtaining additional power connection, further expansion, etc. of export-oriented leather and tanning industries in

Dharavi and got them some of these facilities. Provision of water supply to exporting textile industries and also to certain units exporting marine products was taken up with appropriate authorities with considerable success.

3.15 The Board and Panels were instrumental in taking up certain vital issues with the Maharashtra State Government. For instance, the Panel on Minerals took up with the State Government items such as dredging of the Terekhol Creek, simplification of official procedure in regard to inspection of mining, filling up of forms, etc., supplying mining machinery on loan or rental basis to the mine-owners through the Director of Geology & Mining, authorising the Director of Geology and Mining to sanction prospecting licence, mining lease, etc., and formation of a full-fledged State Board for Mineral Development for systematic development of the mineral resources, setting up of export targets and undertaking organised exports. The State Government has since agreed for the inclusion of mining industry under the State Government's package incentive scheme, and recognition of mining and mineral processing industry to be covered under the Government's package incentive scheme announced for the underdeveloped areas in the State. Again, the Panel on Food, Agriculture and Forest Products pursued deep freezing facilities for fish and frog legs with the Director of Fisheries who has since installed a plate freezing plant for the benefit of exporting units.

3.16 Yet another realm of activity falling within the jurisdiction of State Government is the grant of relief on octroi, sales tax and other levies. The Board

appointed a Committee under the Chairmanship of the Minister for Finance to consider in detail the incidence of sales tax and octroi on exportable goods. The Committee has since submitted an interim report to the Board. The subject of octroi and sales tax is discussed in detail separately elsewhere in the Report. Suffice it here to say that Bombay Municipal Corporation has agreed to exempt from the levy of octroi duty articles which are brought into the city and retained within the city limits for some period until shipping space is available.

3.17 Again, in the matter of providing warehousing facilities to various exporting units, the Board took up the matter with Bombay Port Trust authorities. The Bombay Port Trust agreed to make plots of suitable sizes available in the B.P.T. area after assessing specific requirements of various industries. As a result of the efforts of the Board, a plot in the B.P.T. area is being acquired by the Agriculture Department for constructing a cold storage for banaras.

3.18 Regarding quality control and preshipment inspection, the contribution of the Board was no less significant. The Board was instrumental in making arrangements for preshipment inspection of Ratnagiri Alphonso mangoes for export by the Directorate of Marketing and Inspection, Government of India. Again, the Board took initiative in formulating a suitable quality marking scheme for Sholapur Chaddar for exports. The Board has taken up the question of recognition of the State Government Laboratories for quality control and preshipment inspection of export products with Export Inspection

Council. As a result of these efforts, the quality marking of diesel engines for export from the State by the Directorate of Industries has been approved by the Export Inspection Council.

3.19 In the field of publicity, the Board has taken up with the State Government the question of establishing a rotating display house at a suitable central place in Bombay. Again, the Board was instrumental in the State Government allotting 16 acres of land in the new reclamation area of Bombay to A.I.M.O. for establishing "Vishweshwarayya Centre" which will house a permanent Exhibition Centre. Necessary facilities will be made available in this Centre for displaying the exportable products of the State. The Board was also responsible for the State's participation in some of the international fairs and exhibitions. In these exhibitions, the products of small-scale industries occupied a prominent place.

3.20 There are certain spheres where even though the State Government is not involved, the Board acted as one more avenue for bringing grievances of various exporters of the State to the Central Government, Government departments and Government-sponsored organisations like Export Promotion Councils and Commodity Boards. For instance, the Board took up issues such as cash assistance on export of cottonseed expeller cake, delays in issue of replenishment import licences and cash assistance, drawback of import duty on custom built machines, grant of synthetic yarn on loan to art silk industry, where exports amounted to 10 per cent of production, refund of central excise duty on castor oil (BSS), MMTC sharing benefits

of exports of ore from the State with mine-owners, reduction in application fee for small licences from small-scale industrialists, use of rice bran oil in place of tallow for soap-making, supply of sugar at international price for production of food products for exports, delay in drawback claims, export incentive for silver nitrate of C-P grade, utilisation of a portion of the replenishment licence for importing new raw materials/components not covered in the shopping list for experimental and research work for developing new products for export, imports of buttons and needles by textile exporters and consolidated drawback of taxes and levies borne by raw materials, stores etc. used in the manufactures of cloth and yarn for imports. As a result of the efforts in this direction, provision of cash assistance on exports of expeller cottonseed cake has since been agreed to by the Ministry of Foreign Trade. Thus, the Board and the Panels have succeeded in focussing attention on the problems faced by the exporters in the State to various authorities.

3.21 Although these Panels were set up as early as in 1965, only six meetings have been held so far. It was also given to understand during the Survey that the attendance of members in some of these Panel meetings was getting thinner. Considering the multifarious problems of export trade in Maharashtra, the six meetings which have been held so far are not adequate. It is desirable that these Panels are activated fully so as to enable them to take up important issues affecting the State's export trade. It is suggested that these Panels meet at least once in three months, if not more frequently.

3.22 During the field investigations, it was pointed out that the follow-up action in regard to various suggestions and recommendations made by the State Board and various Panels had been rather slow. For instance, as indicated earlier, the Board and various Panels took up several issues concerning export trade of Maharashtra with various Departments of State Government. Many of the issues, it is understood, are still under the consideration of various Departments of State Government. The need for quick decisions and timely implementation of various suggestions emanating from these advisory bodies in the field of exports is obvious. It is suggested that the Government of Maharashtra may consider appointing a high-powered committee consisting of Secretaries of Finance, Labour and Industries, Urban Development and Health Departments, Municipal Commissioner, Bombay Municipal Corporation and Chairman, Bombay Port Trust. Such a high-powered committee can take quick decisions and expedite implementation of various recommendations. It is also recommended that these Panels may co-opt members from Bombay Port Trust, Sales Tax and Octroi Departments, Maharashtra State Electricity Board, Joint Chief Controller of Imports & Exports, so that various issues can be thrashed out on the spot.

iii) Export Promotion Cell of Directorate of Industries

3.23 Consequent to setting up of the State Board, a special post of Director of Export Promotion and a small Export Promotion Cell were created within the Directorate of Industries. The Directorate of Export Promotion is in charge of the Export Promotion Cell and also acts as Member-Secretary of the State Board. The Director is

assisted by an Assistant Director, an Industries Officer, a Research Assistant and three Inspectors, apart from one Superintendent and other supporting staff. The important functions of the Cell are:

1. To arrange periodical meetings of the State Board for Export Promotion and various Panels constituted by the Board.
2. To implement suggestions and recommendations of the State Board for Export Promotion and Commodity Panels.
3. To render assistance to export-oriented small-scale industrial units.
4. To disseminate commercial information to exporters.
5. To issue production capacity certificates whenever they are required by the Government authorities.
6. To recommend cases of units in Maharashtra State registered with the Directorate for membership with various EPCs, whenever such cases are referred to the Directorate.
7. To arrange for participation in trade fairs and exhibitions.

3.24 The Export Promotion Cell is considerably handicapped in its working mainly because of weakness in its organizational set-up. Although the Director of Export Promotion is a whole-time Officer, most of his time is spent in attending to routine enquiries. Because of his multifarious activities, he is not able to devote attention to vital matters concerning export trade in Maharashtra. Again, he is considerably handicapped for want of any budgetary provision for export promotion activities and adequate qualified staff.

3.25 The Cell has been mainly concentrating on the secretariat work relating to the implementation of various recommendations emanating from the Board and the Commodity Panels. Even here, the progress has not been quite satisfactory because of paucity of staff. The current activities

of the Cell. which are of a routine nature, leave very little time to devote attention to the varied and complicated activities of export promotion.

3.26 Considering the fact that Maharashtra State possesses about 20 per cent of industry in the organised sector, accounting for about 25 per cent of organised production in India, and also that it has nearly 10,000 industrial units registered under Factories Act and 25,000 small-scale units registered, with the State Directorate of Industries, the organisational set-up for export promotion at the State level is thoroughly inadequate and needs to be strengthened considerably. Maharashtra State currently accounts for about 30 per cent of engineering items, 60 per cent of organic and inorganic chemicals, 75 per cent of drugs and pharmaceuticals, 50 per cent of pesticides, 65 per cent of paints, and pigments, 28 per cent of ceramic products, 90 per cent of plastics, 90 per cent of gems, jewellery and semi-precious stones, 55 per cent of soaps, cosmetics and toiletries, and about 95 per cent of dyestuffs and 80 per cent of cinematographic films in all-India exports.

3.27 In the context of increased exports envisaged during the Fourth Plan, there is a need for converting the present Export Promotion Cell, functioning in the Directorate of Industries, into a full-fledged Directorate of Export Promotion. Such a Directorate should have separate commoditywise wings to look after the export promotion of various items from the State. The following chart gives an indication of the possible staffing pattern of the proposed Directorate of Export Promotion:

(see next page)

above should include the following:

- 1) To assist the small-scale entrepreneurs in obtaining necessary finance, land, power, water, etc. from appropriate authorities;

3.28 The functions of the commodity-wise wings will broadly be as under:

1. To arrange periodical meetings of the Panels of the State Board;
2. To implement expeditiously various suggestions and recommendations of the State Board for Export Promotion and Commodity Panels;
3. To assist the exporters in procurement of raw materials, machinery and equipment, etc. for undertaking effectively the programmes of export production;
4. To assist export-oriented industries in securing suitable land in industrial estate in the vicinity of ports and in obtaining power on priority basis;
5. To assist the exporters in obtaining their customs drawbacks, excise refund, cash subsidy, import replenishment, transport concessions, etc.;
6. To pursue with various Departments of Government of India, Government sponsored organisations such as EPCs, Government Trading Corporations such as STC, MMTC, various difficulties experienced by the exporters in the State;
7. To examine periodically the specific concessions and assistance which would need to be granted by the State Government in respect of taxes, cesses, local levies etc. in the interest of export promotion;
8. To maintain liaison with respective Export Promotion Councils, Commodity Boards and other concerned organisations.

3.29 In regard to small-scale industries products, where the State Government has a direct responsibility for development, the functions in addition to those mentioned above should include the following:

- 1) To assist the small-scale entrepreneurs in obtaining necessary finance, land, power, water, etc. from appropriate authorities;

- 2) To educate the small-scale industries exporters in the correct procedures of export trade with regard to invoices, shipping documents, insurance, export finance, etc.;
- 3) To assist the small enterprises in organising themselves into export marketing groups.

3.30 The functions of Commercial Intelligence & Exhibitions Wing will be as follows:

- 1) To compile statistics of exports of various items from the State periodically;
- 2) To review periodically the progress in relation to the targets fixed and to investigate into causes of shortfalls, if any;
- 3) To disseminate commercial information to exporters regarding various facilities available with regard to export;
- 4) To deal with commercial enquiries from abroad;
- 5) To undertake periodical survey with a view to finding out new items having an export potential;
- 6) To maintain lists of manufacturers of exportable products;
- 7) To revise the Directories of Manufacturers, brought out by the Directorate of Industries, periodically;
- 8) To develop pamphlets and other printed material designed to assist the exporting units. Such materials should contain information on specific markets in terms of import rules, currency requirements, major importers, competing countries, licensing procedures in foreign countries, trade channels, advertising media, etc.;
- 9) To circulate regularly enquiries received from Government of India Trade Missions;

10. To publicise the various news bulletins received from the EPC's Commodity Boards regarding tenders, enquiries, export incentive policies, etc. among exporters;
11. To produce and exhibit information and interesting documentary films, posters, pamphlets, etc;
12. To arrange periodical seminars and discussions on the subject of export promotion;
13. To analyse intelligently the various Market Survey Reports brought out periodically by EPCs, Trade representatives, etc. so as to make them intelligible to small and medium industries;
- 14) To arrange participation of exporters from the State in trade fairs and exhibitions both in and outside the country.

adequate to meet the minimum staffing pattern outlined above. In the interest of export promotion, it may be necessary for the State Government to increase the provision under the Fourth Plan.

3.34 It is envisaged that the proposed Directorate of Export Promotion will be able to implement speedily various suggestions and recommendations, emanating from the Board and the Panels in order to accelerate the export promotion activity of the State.

II. ROLE OF STATE-SPONSORED ORGANISATIONS

3.35 A significant measure undertaken by the Government of Maharashtra during the Third Plan period is the establishment of a number of special Corporations. As a result of the establishment of these organisations, the industrial structure of the State has been greatly enriched and diversified with expansion of the existing industries and establishment of new ones. Some of the important corporations set up by the State Government, in recent years, include the Maharashtra Industrial Development Corporation (MIDC) State Industrial and Investment Corporation of Maharashtra Limited (SIIOM), the Maharashtra State Financial Corporation (MSFC), the Maharashtra Small Scale Industries Development Corporation (MSSIDC) and the Agro-Industries Development Corporation. Of these, the activities of the MSSIDC are directly concerned with export promotion and hence the role of MSSIDC has been examined separately in the following section. The role of other organisations has been briefly dealt with in the following paragraphs.

3.36 The functions of the MLLC are to promote and assist rapid and orderly establishment, growth and development of industries in the State, establish and manage industrial estates at places selected by the State Government, develop industrial areas selected by Government and make them available for undertaking to establish themselves, assist industries financially by giving loans to move their factories into industrial estates or areas etc. The Corporation established well-planned industrial areas in the Bombay-Poona region, as well as developed new industrial areas away from Bombay, by providing suitable incentives to all such industries. The Corporation has set up so far industrial areas in Thana, Ambernath, Dombvili, Pimpri-Chinchwad, Marol and trans-Thana-Creek areas in the Bombay-Poona region and other industrial areas in such far-flung areas of the State as Nasik, Pophali, Chiplum, Roha, Aurangabad, Akola, Sangli, Jalgaon, Ratnagiri, Wanded, Dhulia, etc.

3.37 The SICOM aims at assisting industries in the under-developed areas in the private sector by participation in their equity/preference capital (by under-writing support) and in the public sector by sponsoring industries on its own. The Corporation also grants long-term loans in excess of the limits permissible under the M.S.F.C. rules and also guarantees assistance from other financing agencies. The Corporation has introduced the Capital Participation Scheme for providing financial assistance to small scale and medium scale industries in the developing areas.

3.38 The M.S.F.C. give long-term finance for acquisition of fixed assets such as land, building, plant and machinery and short-term finance for meeting day-to-day expenses, viz. salaries and wages, cost of raw materials, power, fuel, printing and stationery, etc. Loans are granted by the Corporation not only for the establishment of new undertakings, but also for the expansion, modernisation and rehabilitation of existing units. The Corporation has rendered financial assistance to a large number of units during the past few years.

3.39 The Agro-Industries Development Corporation has been set up in order to promote the supply of farm equipment and machinery for food industries, viz., dairy development, fisheries, etc. The Corporation maximises the efforts of the present Government-run workshops by undertaking suitable expansion programmes concentrating on certain well-defined groups of industrial items such as tractors, power tillers, diesel engines and pumps, drilling equipment, steel casting, tubes, pesticides and plant protection equipment required for fishing, dairy, poultry and food preservation and processing industries.

3.40 These State-sponsored organisations have no doubt contributed to the industrial progress of the State. However, it was understood during the Survey that organisations such as MIDC, SICOM and MSFC have no particular preference for export-oriented industries in granting loans, allotment of plots and sheds to various entrepreneurs in the industrial areas, etc. It is suggested for the consideration of these organisations that while assisting entrepreneurs in setting up units in various parts of the State, special attention may be paid to

the export potential of the items they are likely to manufacture. It would be preferable even to insist on a certain percentage of exports from these units before assistance in various ways is rendered to them. This will make the units more export conscious in the State.

3.41 Apropos Agro-Industries Development Corporation, the Survey is of the view that the name appears to be a misnomer. The Corporation, as its very name implies, does not concentrate on the development of agro-industries in the State, but supplies certain farm equipment, machinery, etc. to farmers. Maharashtra has considerable potential for the development of agriculture and agro-based industries. The State currently produces various types of crops like rice, millets, wheat, maize, cotton, sugarcane, tobacco and groundnut and other oilseeds, different types of fruits like grape, banana, mango, orange, and other citrus fruits, cashewnut, arecanut, coconut, papaya and pineapple, different types of vegetables like potato, onion, brinjal and tomato and different types of animal, poultry and dairy products. There is great scope for increasing production of these cash crops and products and for developing on a rational and sound footing various types of existing and new processing and manufacturing industry based on the same and on the by-products of these industries, such as cotton textile (spinning and weaving), cottonseed oil, chemical cotton, surgical cotton, sugar, rayon-grade pulp from bagasse, paper and chip boards from bagasse, industrial alcohol, cattlefeed, citric acid, synthetic rubber, wax, fore pressing-cum-extraction of oil seeds,

solvent extraction of oil cakes, fats splitting and distillation of fatty acids, soaps, glycerine paints and varnishes, rice bran oil, manufacture of cigarettes, extraction of nicotine, leather, fruit preserving and canning, and wine from grapes and cashew fruits etc. Most of these agro-based items have considerable export potential. Proper development of these agro-based industries will enable the State to contribute to the export earnings of many of these items. It is suggested that Agro-Industries Development Corporation may devote concerted attention to the development of these agro industries, particularly in the underdeveloped regions of the State.

Maharashtra Small Scale Industries Development Corporation (MSSIDC)

3.42 The Maharashtra Small Scale Industries Development Corporation (MSSIDC), a State Government undertaking, was established in 1962, with a view to rendering multilateral services for the development of small-scale industries in the State. The Corporation helps the small-scale units by undertaking activities such as procurement and distribution of raw materials, clubbing the small value import licences of small-scale units and import material on their behalf, supply of indigenous machinery on hire-purchase basis, assistance on hire-purchase basis, assistance in marketing the products of small-scale units to Government and semi-Government organisations, capital participation in selected units, technical guidance to the small-scale units through the forum of industrial technologists and assistance in securing bank credit.

3.43 As an instrument of export promotion at State level, the MSSIDC has been assisting the small-scale industries by exporting their products, maintaining liaison between small-scale units and overseas importers and by negotiating and securing export orders for them. The Corporation also provides finance and raw materials against firm export orders, participates in international trade fairs and exhibitions on behalf of small industries and concludes export business. The Corporation has two Display Windows-cum-Showrooms in Paris and New York known as "TRIMOURTI". In view of the Corporation's notable contribution to export promotion, it has been recently recognised by the Government of India as an Export House.

3.44 Exports effected by MSSIDC increased steadily from Rs 3 lakhs in 1965-66 to Rs 5 lakhs in 1966-67 and Rs 7 lakhs in 1967-68. In 1968-69, exports shot up to Rs 38 lakhs. In the first five months of the last year, MSSIDC has executed export business worth Rs 40 lakhs while orders on hand amount to Rs 40 lakhs. The major items exported by MSSIDC are the products of the small-scale industries. These include B.H.C. 10°/dust, canned mango products, fresh mangoes, fresh onions, cashew kernels, canned shrimps, kolhapuri chappals, sheep skins, handicrafts, sholapuri chaddars, kokum oil, pressure stoves, manhole covers, bicycle parts and umbrella ribs.

3.45 Although the activities of the MSSIDC in the export field are increasing, yet these are insignificant as compared to the export potential of the State's small-scale sector. In a State like Maharashtra, where 10,000 small-scale units are registered with the State Government, the

scope for tapping their export potential by MSSIDC is considerable. Apart from the fact that exports constitute only one of the manifold activities of MSSIDC, its modest achievements in exports may presumably be due to the fact that it mainly undertakes exports only against enquiries received from overseas buyers. Its modus operandi is that as soon as trade enquiries are received, these are circulated to certain manufacturers. After getting quotations from them, it adds its own service charges or commission and intimates the same to overseas buyers. As soon as the quotations are approved, the manufacturers are asked to execute these export orders. The Corporation's exports can be increased if instead of waiting for export enquiry, it takes the initiative in exploring export possibilities of various items manufactured by small-scale units in the State. This will entail appointing effective agents in many of the important countries for feeding them with necessary market information. Also the Corporation will have to depute its export executives periodically to overseas countries for market exploration. The Corporation's overseas Display Windows-cum-Showrooms in Paris and New York constitute another effective channel of communication of vital market information. There are certain items like Kolhapuri chappals where MSSIDC can play a useful role. These are discussed in detail under various commodity chapters.

3.46 One of the effective ways of promoting exports from the small-scale sector is to develop certain units as 'leader units' for export. This involves assisting certain selected units of small-scale sector in the

State in the matter of finance, raw materials, machinery and equipment, warehousing, transportation, insurance and other marketing services. The aim is to help such units right from procurement of raw materials to realisation of export earnings, and making them completely export-oriented. MSSIDC has already participated in equity capital in respect of Konkan Canned Food Products, Ratnagiri, Accurate Engineering Works, Poona and Sindi Chemical Works, Nagpur. It is suggested that MSSIDC should develop these units as "leader units" so as to make them all the more export-oriented. In addition, the Corporation should also identify such of the small-scale units which could produce quality products for export markets and assist them in all possible ways including capital participation, in order to build up exports from the small-scale sector.

3.47 During the Survey, it was suggested that the MSSIDC should function more like a commercial house rather than a Government Department. It was pointed out by some surveyed units that MSSIDC takes unduly long time in decision-making. For instance, it has indicated that even after the despatch of samples and price quotations by certain units, they do not hear anything from MSSIDC for a long time, leaving the small-scale manufacturers in suspense. The need for quick decisions in export marketing needs hardly any emphasis. The Corporation should streamline its procedures and delegate responsibilities at various levels so that decisions could be taken expeditiously. It could also consider reducing various levels in the Export Wing so that decision-making becomes simple. This is essential to make the Corporation less over-layered and top-centred so that the paper does not have

to go through too many layers. It needs hardly any reiteration that officials in the Export Wing possess necessary technical qualifications with considerable experience and background in marketing.

3.48 The Corporation has set an export target of about Rs 6 crores by 1972-73, consisting of exports of engineering goods worth Rs 2 crores, handicrafts Rs 1 crore, leather and footwear Rs 60 lakhs, plastic goods Rs 15 lakhs, marine products Rs 45 lakhs, processed foods Rs 15 lakhs, chemicals Rs 65 lakhs, textiles Rs 55 lakhs and miscellaneous items Rs 45 lakhs. The Corporation has also plans to establish more "TRIMOURTI" shops in important countries such as the U.K., Canada, Japan, Australia, and Hong Kong. It has plans to participate in a number of exhibitions and trade fairs in foreign countries. The Corporation proposes to organise a number of market surveys for exploring export prospects to various items manufactured by the small scale sector. For achieving an export target of about Rs 6 crores, the organisational set-up will have to be strengthened. It may be necessary to separate the Export Wing from the MSSIDC and establish ultimately a separate Export House, styled as Maharashtra Export Corporation (MEC). In view of MSSIDC's multifarious activities, it will not be possible for it to devote concerted attention to exports. Further by the very nature of MSSIDC's constitution, it cannot possibly undertake exports from medium-scale units. The proposed Maharashtra Export Corporation can extend its activities not only to small-scale units but also to medium-scale units. Even though formulation of a separate Export Corporation may not be warranted for the present, it is suggested that the State Government may keep this in view for implementation by the end of the Fourth Plan.

III. ROLE OF STATE GOVERNMENT IN DEVELOPING THE UNDERDEVELOPED REGIONS OF THE STATE

3.49 Maharashtra, taken as a whole, is among the industrially most advanced States in India. It has a fine port with a large share of export trade passing through the same. However, the State's industrial development is lop-sided, for only the Bombay-Poona Zone is highly developed. The regions like Marathwada, Vidharbha and Konkan have not witnessed the growth of industrialisation. However, this question has been constantly receiving the attention of the State Government. The Government of Maharashtra announced a package scheme of incentives with a view to stimulating the growth of industries, achieving a balanced economic development and avoiding overcrowding of industries in the zones already developed. These incentives include interest-free loans to recoup sales tax paid, State Government support for obtaining industrial licences, relief from incidence of certain duties and rates like electricity tariff, octroi duty, water royalties and non-agricultural assessment, guarantee to loans, contribution towards cost of feasibility study, contribution towards cost of industrial housing, advance supply of building materials on loan from a revolving stock, preferential treatment in Government purchase programme and assistance in technical training of personnel. As a result of these incentives, the last few years have witnessed establishment of industries over a wider area.

3.50 As a result of the regional disparities and economic imbalance in the State, the State's contribution to the export effort is almost limited to the Bombay-Poona

Zones. In the following paragraphs, the potentialities of underdeveloped regions of the State in regard to exports and the measures needed to be taken by the State Government for their participation in the export endeavour of the State are discussed in considerable detail.

a) Marathwada

3.51 The Marathwada region is one of the least developed regions in the State. The per acre productivity in this region is the lowest in the whole State of Maharashtra. Besides having the lowest irrigation acreage in the State (percentage of irrigated area to gross cropped area being 3.2 as against 5.1 in Vidarbha, 9.9 in Poona region and 4.6 in Bombay region), agriculture in the Marathwada region suffers for want of adequate soil conservation measures, supply of fertilisers and seed farms to ensure an adequate quantity of better seeds. As regards power supply, consumption of electricity (million KWH) is 3 against 391 in the Bombay Division (excl. Bombay city and Koyna Power), 110 in the Poona Division and 142 in the Vidarbha Division. Besides poor railway mileage, (2.2 per 100 sq. miles), this is the only region in Maharashtra with metre-gauge railway tracks. Even in the case of road mileage, the region is extremely poor. The Marathwada region has the lowest road mileage, i.e., 7.4 miles per 100 sq. miles, in the State.

3.52 Marathwada is primarily an agricultural region. Its main crops are: cotton, sugarcane and bananas. It has, therefore, good potentialities for the development of agro-industries such as oil crushing, vanaspathi, soaps, khandasari, tinned fruits, agricultural implements

pumps, fertilisers and spinning mills. Being situated away from the main railway lines and because of inadequate development of other infrastructural facilities, capital resources and entrepreneurship from outside have not been attracted to this region. Local entrepreneurship is yet to be developed. Having regard to its industrial potential, the State-sponsored organisations such as MIDC, SICOM and Marathwada Industrial Development Corporation have taken various steps for its industrial development. As a result of these efforts, new industries such as spun pipes, domestic utensils, aluminium frying pans, steel pipes, agricultural implements and chemicals have sprung up in this region - mainly in the small-scale sector. However, practically none of their products is being exported, as these have not attained the degree of sophistication required in overseas markets.

3.53 In the short run, therefore, export potential of the Marathwada region can be considered mainly in respect of its traditional items, namely, 'Himroo' shawls, bidriware and agate stone products.

3.54 Besides Hyderabad, Aurangabad is an important area where production of Himroo is concentrated. Of the total production of Himroo worth about Rs 4 to 5 lakhs in the country, Aurangabad accounts for about 60 per cent. In Aurangabad, Himroo is produced both on handlooms and powerlooms. Currently, bulk of the production is in the form of shawls.

3.55 At present, exports of Himroo shawls from India are negligible. However, preliminary assessment of this item indicates that Himroo shawls can have markets in affluent countries such as the USA, the UK, France, West Germany

and Australia, on account of their colourful, intricate and gorgeous designs. The market for Himroo as shawls may be rather limited, in view of the fact it would be quite warm in summer and that it may not withstand winter in these countries. However, Himroo articles can become popular as dress materials, furnishings or counterpanes. If a market for counterpanes can be cultivated, production of Himroo in suitable sizes may have to be organised.

3.56 Most of the wearers in Aurangabad are poor, so they do not have the holding capacity, required in the export trade. They will, therefore, need the help of an outside agency for promoting exports. It was indicated during the Survey Team's discussions with the weavers that no organisation had been helpful in undertaking exports of this item. The Survey suggests that among the handloom products for which export efforts are being made by various organisations in the country, Himroo shawls produced in Aurangabad should find an important place. Unfortunately, this item has not got publicity it deserves in foreign markets. It is recommended that the MSSIDC may undertake adequate publicity for this item and explore export possibilities of Himroo as shawls, counterpanes and dress materials in the USA and West European countries. In the initial stages, efforts could be made through their "TRIMOURTI SnOPS". Experience about similar products indicates that once there is a spurt in demand for such products, bulk orders are received and at times the industry finds it difficult to execute such orders. Hence, after the market is cultivated, MSSIDC may have to organise production in order to maintain continuity of supply. MSSIDC may

have to make outright purchases of this item from various manufacturers and stock them, pending exports.

3.57 Bidriware is, yet, another item from this region, which has considerable export potential. A wide range of article such as goblets, wall plaques, rectangular oval-shaped boxes, leaf-shaped articles, flower-vases, ash trays, jewel boxes, paper knives, pen-stand, cigarette cases, napkin rings, buttons, broaches, bangles, necklaces, ear-tops and ear-rings are manufactured in the region. During 1968-69, exports of bidriware from India amounted to Rs 82,037. The main markets for this item are: USA, UK, Canada, Czechoslovakia, Belgium, Singapore and France. Exports of this item from Marathwada are, however, practically nil.

3.58 Currently, production of bidriware in Aurangabad is not considerable due to lack of sufficient demand as well as shortage of the main raw materials, i.e. zinc. In order to augment production, the Government of Maharashtra has proposed to establish a production centre at Aurangabad during the Fourth Plan, which will employ 15 trained artisans who cannot start this industry on their own. It is anticipated that bidriware worth Rs 40,000 would be produced by 1970. Export potential for bidriware may perhaps be improved if there could be a little diversification in production such as replicas of famous statues, monuments and rocks culture in Ajanta and Ellora. As in the case of Himroo, MSSIDC should take initiative in overseas markets of this product.

3.59 During the Survey, it was found that agate stones in multicolours are available in plenty in Aurangabad district. Utility articles such as ash-trays, paper

weights and flower vases, race out of agate stone are popular in Italy. Replicas of Jesus Christ made from agate stones with blood like stains have good market in Italy. It is understood that agate stones from this region are sent to Kathiawad in Gujarat, via Bombay, where utility articles are made by artisans and exported again through the Bombay Port. It was indicated during the field investigation that attempts were made to bring artisans from Kathiawad for training local people in Aurangabad, but they were reluctant to settle down there, perhaps because of difficult living conditions and inadequate remuneration offered. In view of the abundant raw materials available in the district, it is desirable that production of articles made from agate stone should also take place in Aurangabad. Besides providing employment opportunities to local artisans, this will provide opportunity to Marathwada region to participate in the export effort of the State. It is recommended that the Directorate of Industries may explore the possibility of organising a training centre in Aurangabad to train artisans in the manufacture of agate stone articles. This may involve bringing artisans from Kathiawad on attractive remuneration for imparting training to local people. After establishing such a training centre, the Government may also have to establish a production centre to employ trained artisans who cannot start the industry on their own.

3.60 During the discussions of the Survey Team, it was pointed out by manufacturers of various items that most of them did not have vital market information such as names and addresses of importers, major competitors, distribution channels and c.i.f. prices of

various items in overseas markets. It is suggested that the State Government may consider opening a separate regional office of the proposed Directorate of Export Promotion in Aurangabad under the charge of a senior officer for the export effort of the region. The functions of the proposed regional office will be:

- (i) to identify exportable products and units manufacturing them;
- (ii) to disseminate commercial information such as marketing opportunities, c.i.f. prices, quality standards and specifications acceptable in foreign markets, major competitors, distribution channels, names and addresses of importers in overseas markets etc;
- (iii) to co-ordinate with various departments of the State Government and State-sponsored organisations such as MSSIDC and SICOM; and
- (iv) to liaise with various trade & industry associations and also chambers of commerce in the region.

3.61 It was also indicated during the field investigations that because of lack of knowledge of export opportunities, in general, and the efforts made by the State in export promotion, in particular, many of the manufacturers had not been able to participate in the exports made by the State. It is recommended that the State Government may consider constituting a separate panel on Marathwada under the State Board of Export Promotion. This panel should include, besides leading manufacturers from the region, representatives of Marathwada Chamber of Commerce, Marathwada Economic Development Corporation and Marathwada University. This will enable the industrialists to discuss periodically their problems of export marketing in a common forum under the auspices of the State Government.

b) Vidarbha

3.62 Vidarbha is yet another relatively backward region of the State. Here again, the lag in terms of strategic and basic infrastructure like power, water supply, transport and road development has resulted in industrialisation taking little root in the region. Even the agricultural sector stands comparatively neglected. For instance, even though Vidarbha has the richest variety of black cotton soil and its fertility is very well known, the per acre yield of crops in this region is perhaps the lowest. Again, the extent of irrigation facilities is thoroughly inadequate (percentags of irrigated area to gross cropped area is 5.1). As regards transport, the facilities are meagre. While railway mileage per 100 sq. miles amounts to 2.7, road mileage per 100 sq. miles hardly accounts for 11.3.

3.63 Cotton, oilseeds, paddy and fruits (oranges) contribute to the present level of development of the region. Vidarbha has, moreover, abundant resources of mineral deposits such as manganese and iron ore, coal, limestone and clay. There is also low grade chromite, kyanite, siliminite, antimony, lead, copper, mica and soap stone. Two ferro-manganese plants have been set up in the region - one at Tumsar and another at Kanhan. To take advantage of the rich crop of cotton, a few cotton textile mills have been established in this region, resulting in decentralisation of industry and forming a suitable background for further industrialisation of this region.

3.64 Vidarbha abounds in forest wealth, particularly in the districts of Chanda and Bhandara, and offers

abundant supply of timber. There is a paper mill at Balharshah. There are, in addition, two glass factories, a few engineering workshops and foundries and a fruit canning industry. There are several saw-milling units centring in Chanda and Nagpur.

3.65 Many industries have been set up recently in this region. Prominent among these are: wood screws, bolts and nuts, wooden photo frames, double roller gins, steel pipes and tubes, optical glasses, diesel engines, steel furniture, explosives, ferric alum, paper and paper products, rice bran, crushed bones, stag horns and cotton linters. However, exports of these items from this region are practically nil. The region's main exports comprise cotton textiles, manganese ore, agarbatties, bidis, chillies, forest products, handicrafts and oil-cakes. Of these, jaquard chaddars, umbrella cloth, candy cloth and uncalendered sheets, produced by textile mills in Nagpur, account for a significant share of the total exports of this region. These exports are directed to the USA, USSR and East Asian countries.

3.66 Since Vidarbha region is situated away from the sea port, it faces some special difficulties in its export effort. Some of these are discussed below:

3.67 i) Need for Textile Quotas for Vidarbha Region.

At present, quotas for textiles exports to the USA and UK are being distributed among various mills in the country by the Cotton Textiles Export Promotion Council (TEXPROCIL). The textile industry in Nagpur pointed out that their region was neglected in grant of additional quotas.

3.68 ii) Railway Facilities. For the industries situated around Nagpur, supply of wagons at the appropriate time is most essential, because being situated

far away from Bombay, road transport is not economical. It was reported during the Survey that Nagpur was often starved of railway wagons and it was difficult to get priority for exports from railways. Apropos railway freight concession, the exporters of Nagpur complained that after they had paid full freight, it took more than one year to settle the claim with the railways. It was suggested that railways should charge 50 per cent as freight on the goods meant for export at the despatching station so that the capital resources of the exporters were not unnecessarily blocked.

3.69 iii) Distance Incentives. The Government of India is at present giving $1\frac{1}{2}$ per cent additional incentives for distances in the case of textiles provided they are sent to Bombay on f.o.r. basis. Since all the manufacturers in this region also suffer from the same handicaps, it was pointed out that the additional incentive might be given for all the other items as well.

3.70 iv) Refund of Excise Duties. The exporter of jaguar chaddars reported that the procedure for getting refund of excise duty on exports of cotton textiles is highly cumbersome and time-consuming. A reference to this has also been made in the chapter on mill-made articles.

3.71 v) Pre-shipment Inspection. The facilities for preshipment inspection and quality control for exports at Nagpur are inadequate. The manufacturers in Nagpur have suggested that preshipment inspection should be done at the place of manufacture and not when the goods have reached the ports.

3.72 vi) Warehousing at Bombay. The exporters of the region face considerable difficulties in obtaining adequate warehousing facilities at Bombay pending shipments. This is a general difficulty faced by all the up-country exporters, and has been dealt with separately.

3.73 vii) Lack of Market Information. Lack of knowledge of vital market information on the part of the manufacturers was pointed out as one of the major reasons for exports taking place through merchant-exporters in Bombay. The manufacturers in the region pointed out that if marketing opportunities were made known to them, efforts could be made to export directly to the overseas markets.

3.74 In addition to items currently produced, Vidarbha region possesses potential for exports of certain other food-based and food products. For instance, Vidarbha grows plenty of fresh fruits and vegetables such as tomato, papaya, chillies, brinjals and bhindies. During their peak season, the prices of these fruits and vegetables fall to a very low level. If industry for canned fruits and vegetables could be set up in the region, not only will it stabilise internal prices for these items but will also help exports from the State. In this context, a reference has already been made to the export potential of oranges and orange-based fruits elsewhere in the Report.

3.75 Vidarbha region has several advantages for industrial development such as incentives for the dispersal of industries given by the State Government, availability of raw materials locally produced and relatively cheap labour. The Survey Team is of the view that these advantages could also be exploited for the

development of export-oriented industries within the overall industrial development of the region. It is, therefore, suggested that for examining the problems of this region, the Government of Maharashtra may consider constituting a separate panel of Vidarbha under the State Board of Export Promotion as in the case of Marathwada. Such a region-oriented panel may help to activate the exports of this region. It is also recommended that the State Government may consider setting up a regional office of the proposed Directorate of Export Promotion in Nagpur under the charge of a senior officer for the export effort of the region.

c) Konkan

3.76 Besides Marathwada and Vidarbha, Konkan, the coastal region, is another underdeveloped region. Konkan has relatively poor soils. Its total irrigated area is hardly 2 per cent of the cropped area. Although the density of road development is quite high (37.8 miles per 100 square miles), efficiency of transport is rather slow. The poor quality of roads, combined with the lack of adequate bridges across the numerous rivers, creeks and inlets from the sea, makes it difficult to maintain smooth and speedy movement of traffic even during the non-monsoon months. During the rainy season, there is almost a complete cessation of traffic. On account of the inadequacy of road transport, coastal shipping for which the broken coastline dotted with numerous natural harbours is eminently suited, has come to be an important means of transportation in the region. Railways are, however, conspicuous by their absence.

3.77 Ratnagiri (Mirya Bay or Bhagwati Bunder) is a minor port in this region. There is a passenger traffic of about one lakh persons and cargo traffic of about 25,000 tonnes annually at this port. The development of this port costing about Rs 2 crores was included under the Third Plan. The scheme consisted of the construction of a break water 1500 ft. in length, the construction of a jetty, the reclamation of 8 acres of land and the construction of approach road. The scheme, when completed, would provide an all weather anchorage for coasting vessels worth a draft of 20 ft. Construction of approach roads, reclamation of 8 acres of land and construction of break waters is in progress. The State Government has been asking the Government of India to increase the scope of the scheme by allowing them to construct bigger break water, and bigger jetty, etc.

3.78 Because of the lack of basic infrastructure, raw materials and industrial experience, industrialisation has not taken roots in this region. Konkan is, however, rich in marine resources. Apart from fish, it is also well known for other fruits and products like cashewnut, coconut and medicinal herbs. Mineral deposits, especially of iron, manganese and bauxite, have been discovered but much more prospecting will be needed to establish the size and quality of reserves.

3.79 Currently, the main items of export from this region comprise marine products and fresh and preserved fruits. There is scope for exports of cashew products, coir and coir products from this region. Export problems and prospects in respect of these items have been discussed in considerable detail elsewhere in the Report.

Apart from these, there may not be any scope for exports of industrial products in the near future.

3.80 As in the case of Marathwada and Vidarbha regions, it is suggested that the State Government may consider constituting a separate Panel on Konkan under the State Board for Export Promotion. The State Government may also consider setting up a regional office of the proposed Directorate of Export Promotion, preferably in Ratnagiri, to undertake various functions relating to export promotion, as outlined earlier. These steps, it is envisaged, will be able to gear up this region to participate actively in the export effort of the State.

3.81 In the earlier sections, suggestions have been given regarding the role of State Board for Export Promotion, its Commodity Panels, Export Promotion Cell of the Directorate of Industries and State sponsored organisations. Action by the State Government in various fields such as port and shipping facilities, export finance, export pricing, taxes and levies and industrial estates has been indicated in the subsequent chapters. Similarly, action at the State level in respect of specific commodities has been recommended in respective commodity chapters in Vol. II, III & IV of the Report. Specific additional measures, mainly of institutional and financial nature, which would help considerably in strengthening the State's export effort are discussed in the following paragraphs.

Institutional Measures

3.82 1) Raw Materials Bank. During the Survey, it was indicated by almost all the manufacturers and exporters that uncompetitive prices of their export products owing to higher costs of production stood in the way of a

rapid increase in their exports. They pointed out that unless raw materials of standard quality, in requisite quantity (including normal wastages) and at competitive prices for export production were made available to them at the appropriate time, it would not be possible for them to undertake exports.

3.83 The Government of India has already taken a number of measures aimed at bridging the gap between the international price and f.o.b. price of several items and reducing the production costs. These measures are undoubtedly effective, but there is obvious need for focussing attention on the problems relating to cost reduction for export production. While cost reduction for export production involves attempts to bring about economies in various cost determinants, it is felt that supply of essential raw materials, indigenous and imported, at prices comparable with international prices, needs to be given primacy over other measures as (i) raw materials account for a sizeable percentage of f.o.b. prices of export commodities; and (ii) the Government can play an effective role in this sphere. Economies in other cost determinants are feasible only over a period of years, but regulation of raw materials supply can be initiated at any point of time.

3.84 An assessment of the efficacy of various measures evolved so far reveals that the major problem in relation to cost reduction has not been solved and the costs of raw material inputs for export production continues to be higher than in the case of our counterparts in international markets. Hence, any scheme for cost reduction in exports must have the following pre-requisites:

- (1) Supply of raw materials, whether indigenous or imported, for export production should be at current international prices;

- (2) The deliveries should be of the full quantities required for executing the export order;
- (3) For ensuring off-the-shelf deliveries of raw materials, stocking would need to be adopted;
- (4) To avoid unnecessary haulage, stocking of raw materials should be organised in major industrial centres;
- (5) The organisation or agency responsible for implementing the scheme should be given (a) free foreign exchange resource at its disposal (b) freedom to choose sources of supply from the quality angle and (c) an ad-hoc licence to import any raw materials within the licence value.

3.85 Under the present Export Assistance schemes, exporters get replenishment licences only after they physically export the goods and produce bank documents, etc., regarding the actual receipt of foreign exchange earned, etc., to appropriate authorities. Even when they are granted advance import licences for import of necessary raw materials, the process of obtaining import licences, placement of orders with overseas suppliers and actual receipt of the goods, etc., take considerable time, with the result that there is every likelihood of their losing export orders for want of essential raw materials. The exporters further pointed out that if an agency could release to them the necessary raw materials at international prices on production of a firm export order, this will go a long way in enabling them to execute the export order within a short period.

3.86 The Government of India had been considering the proposal for a Raw Materials Bank for quite some time. In the Import Policy for 1970-71, it has been announced that an Industrial Raw Materials Assistance Centre

(IRMAC) would be set up and actual users and registered exporters would be able to draw their requirements of imported raw materials from this Centre. The Centre would arrange off-the-shelf supplies and the small scale sector could draw their supplies from the Centre by surrendering their import replenishments. Associate manufacturer-exporters and registered manufacturer-exporters will be able to draw their raw material supplies in a similar manner. It is understood that the Centre would be set up by the STC and details of the scheme are being worked out.

3.87 When the Raw Materials Bank as proposed above is set up, the MSSIDC can be charged with the agency functions for Maharashtra. It is in constant touch with the manufacturing and exporting units in the small-scale sector and is fully conversant with their difficulties regarding raw materials. Moreover, as a State Government undertaking, it is the authorised distributor of imported and indigenous raw materials to various units in the State on behalf of the State Government. It has a network of regional offices in Nagpur, Poona and Aurangabad and also its depots in Bombay, Poona, Nagpur, Amravati, Sangli, Kolhapur and Sholapur. As already indicated, it has also a separate Export Wing, rendering overall assistance to the small-scale exporting units even in the mofussil areas.

3.88 (ii) Design Centre. The importance of industrial design in modern sophisticated and fiercely competitive international market need not be over-emphasised. Industrial design includes both product design as well as the designing of the packing and packaging not merely from the point of view of their aesthetic, artistic

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or presentation value but also with the objective of enhancing its utility, value, reducing the production and operational costs and simplifying the method of operation. Thus, a good industrial design aims at achieving simultaneously triple purposes, viz. (i) a catchy and attractive design (ii) reduction in the production and operational cost and (iii) simplicity of operation. While a particular design may achieve one or more of these three objectives depending on the nature of the product, the main and the common purpose is to enhance the competitive value in the market.

3.89 In the industrially developed countries, there has been considerable development in the field of industrial design, which has become an integral part of the modern marketing techniques. In these countries, there exists several well organised institutions imparting training in industrial design leading to diploma or degrees in the subject. There are also a good number of private professional consultants whose services are being increasingly utilised by the industry for bringing out in the market products and packaging with newer and newer design to survive the growing competition and to capture new markets. A good number of medium and large size industrial units have their own individual industrial design centres. Only those small scale units which cannot afford to maintain a separate industrial design cell of their own, avail of the services of the professional consultants.

3.90 In the industrial sector in India, the need and the growing importance of industrial design has not yet been adequately appreciated, much less so, in the small

and medium scale sectors, although a good number of industrial houses in this country have now been alive to this problem. Since, in future, India has to put greater emphasis on the export of non-traditional industrial and consumer items, it is necessary to create sufficient consciousness among the industrial units about the importance of industrial design both in the domestic and in the export markets and to induce, encourage and assist them either in setting up a design centre of their own or to utilise the services of professional consultants or organisations in this field. In Maharashtra, which has a large export potential especially for non-traditional industrial and consumer products, the need for promoting and assisting consultancy or service centres in industrial design is more paramount. For this purpose, facilities and assistance from the State Government will go a long way in accelerating the process. There is an Institute of industrial design at Ahmedabad. Recently, a Department of Industrial Designs has been set up at the Indian Institute of Technology, Bombay. The main function of these two Institutes is to create a cadre of trained and qualified industrial design engineers by offering regular diploma courses in the line. The Institutes do not function as professional consultancy service on commercial lines. The young and talented trainees, who come out of this Institute, therefore, need to be assisted and encouraged to set up professional consultancy centre so that their services could be increasingly utilised by various manufacturers in the State. Such centres set up by the qualified people, can also procure various prototypes from developed countries for the benefit of the industry in the State. It is recommended that

the State Government should encourage the setting up of such industrial design centres and such of the trained personnel who come forward to establish such centres should be provided with the necessary facilities and assistance by way of finance, either as loan on easy terms or subsidies or grants-in-aid for specific period. Specific financial provision to this effect should also be made in the export promotion plan of the State Government.

3.91 Technical Personnel. During the Survey, it was pointed out that specialised training facilities are not adequate in certain fields. For instance, it was indicated that paucity of trained technical personnel is a major factor in the development of certain items in the State such as surgical and medical rubber products, paints and pigments, chemical machinery and equipment, electric motors and scientific measuring instruments. Information regarding the training facilities are indicated in greater detail in the appropriate commodity chapters. The State Government may have to strengthen adequately the training facilities that are presently available in the State in some of these fields.

3.92 iv). Training and Translation Facilities in Foreign Languages. It was indicated during the Survey that training and translation facilities in foreign languages are not adequate in Bombay, where there is a large concentration of exporters. It was understood that All-India Manufacturers' Organisation (AIMO) made a beginning sometime ago in organising a training course in Arabic language in Bombay for those engaged in export operations. It was pointed out that if this course

proves successful, facilities would be made for training in other foreign languages. Similarly, during the Survey, it was understood that Maratha Chamber of Commerce and Industry in Poona has been extending translation facilities in various foreign languages to units in and around Poona.

3.93 In this connection, it was mentioned that an institution like the Indian Institute of Foreign Trade (IIFT) should organise training courses in foreign languages in Bombay at a moderate fee so that even medium and small scale units could take advantage of such facilities. It is suggested that the proposed State Directorate of Export Promotion, in consultation with AIMO, IIFT, Bombay University, and other leading Chambers of Commerce may explore the possibility of organising training courses in foreign languages frequently for the business community in Bombay. Similarly, the proposed State Directorate of Export Promotion could take the initiative exploring the possibilities of extending suitable facilities for translation of commercial correspondence, catalogues and trade literature by leading Chambers of Commerce in Bombay, for the benefit of exporters in the State

3.94 v) Commercial Library & Information Centre.

During the Survey, an opinion was expressed that there is a need for a well organised commercial library in Bombay on the lines of the one under the Department of Commercial Intelligence and Statistics in Calcutta. Such a library would be of immense use to the exporters in Bombay, in knowing the latest trends in world trade, international commodity movements, prices, etc. The State Directorate of Industries has a small commercial library. It is suggested that this library may be strengthened considerably by addition of books, foreign trade ;

accounts, journals, periodicals, financial dailies, etc. concerning foreign trade from various countries. When the "Vishweshwarayya Centre" is set up, the commercial library may be housed there so as to facilitate the business community in Bombay to make use of the same.

3.95 Similarly, it was mentioned that there is a necessity of an "Information Centre" where the exporters in Bombay can obtain information in one central place on import-export procedures, import trade control, export promotion schemes, various facilities available for exporters, international trade in various commodities and other useful and vital information concerning foreign trade. The need for such a centre in Bombay has already been emphasised in the chapter on Export Pricing. It was reported that presently the exporters have to approach different organisations for obtaining various types of information, including Central Government Departments, Export Promotion Councils, etc., involving considerable time. The proposed State Directorate of Export Promotion may consider organising an "Information Centre", preferably in the "Vishweshwarayya Centre" so as to facilitate the exporters in Bombay.

Financial Measures

3.96 1) Provision of Power at Concessional Rates.

Maharashtra is a major producer of organic and inorganic chemicals. It accounts for a considerable share of the all-India Production of sulphuric acid, caustic soda, industrial alcohol, carbon dioxide, alumina ferric, etc. In the case of certain chemicals such as borax and boric acid, vanadium pentaoxide catalyst, potassium permanganate and hydrogen peroxide, Maharashtra accounts for almost the entire production in the

4. PORT AND SHIPPING FACILITIES

I. PORT FACILITIES

The coastal belt of Maharashtra stretches over a distance of about 480 kilometres. The coast-line has many natural advantages in the field of agriculture, fisheries, minerals, etc. There are numerous creeks along the coast-line and besides the major port of Bombay, there are about 49 minor ports in Maharashtra. However, Bombay is the only port in the State which, with the exception of Ratnagiri to a little extent, handles foreign trade.

The Bombay Port

4.2 The port of Bombay situated almost midway along the west coast of India is truly the 'Gate Way of India'. It is connected with a vast hinterland by three broad-gauge railway lines running north, east and south and a net-work of national and state highways. It is gifted with a natural deep water harbour of nearly 70 sq. miles in extent which provides shelter for shipping throughout the year. The magnificent harbour has been the cornerstone of the prosperity of the city as well as of its hinterland for centuries. Its first dock viz. the Sassoon Dock at Colaba, was opened in 1875, which is at present being used by the fishing trade. The other docks are (i) the Princes' Dock with 10 berths in the wet basin and 3 berths along the harbour wall and an average depth of 21 feet; (ii) the Victoria Dock with 13 berths and an average depth of 23 feet and (iii) Alexandra Dock with 17 berths in wet basin and 3 along the harbour wall, with the depth of 33 feet and the Ballard Pier. The Alexandra Dock is a fully impounded dock, equipped with an entrance lock, while the Prince's and Victoria Docks are

tidal docks with single gate entrances. Since the completion of the Alexandra Dock, there was no major construction of the Marine Oil Terminal, till the Dock Expansion Scheme (1962) was undertaken. Work on this scheme has reached an advanced stage. The Marine Oil Terminal comprising 3 berths and capable of receiving deep draft oil tankers of 40,000 displacement tonnes was put into commission in 1955-57. Two of these berths have now been upgraded to receive tankers of 70,000 displacement tonnes.

Development Plans

4.3 The traffic at the port has increased from 6.5 million tonnes in 1945-46 to 18.26 million tonnes in 1966-67 and 16.97 and 16.41 million tonnes in 1967-68 and 1968-69 respectively. The projections made so far indicate that the traffic at the port may increase to 20.42 million tonnes by 1975-76 and 31.92 million tonnes by 1985-86. The increase in traffic has underlined the urgent need for the expansion of the port. The port authorities have accordingly undertaken the schemes of (i) The Dock Expansion Scheme; and (ii) The extension of the Ballard Pier. These schemes when completed will add 8 modern berths with an annual cargo handling capacity of 1.5 to 2 million tonnes, for the loss of two shallow berths in the Prince's Dock which will be available as lay-up berths for ship repairs. Four inner berths in the Alexandra Dock and three berths along the Harbour Wall have been partially commissioned. The impounded depth in the Alexandra Dock is being improved to 35 feet, so as to facilitate berthing of deeper drafted vessels.

4.4 The port authorities have planned to rationalise the handling of the traffic at different docks in the harbour e.g. general cargo at the existing berths, petroleum and oil traffic at the Marine Oil Terminal and Pir Pau and dry bulk cargo at the new planned satellite port at Nhava-Sheva (7 miles across the Bombay harbour) where mechanical facilities connected with bulk cargo handling could be established. The Nhava-Sheva Port will also handle container traffic. The rationalisation of handling of traffic will bring significant improvement in the port efficiency and quicker turn-round of ships.

Fourth Plan Provisions

4.5 The outlay of the Fourth Five Year Plan as approved by the planning sub-group on Ports for this Port is Rs 48.14 crores with a foreign exchange component of Rs 7.75 crores. The plan provides for (i) Spillover Schemes and (ii) New Schemes, the former mainly consisting of Dock Expansion Scheme and Ballard Pier Extension procurement of dredgers, and ancillary facilities for ship repairs at the Dry Docks - and the latter, development of the Nhava-Sheva harbour with dry docks, bulk handling berths, bulk for container traffic, improvement of oil handling facilities at Butcher Island, construction of a bridge to carry the oil pipe lines from Butcher Island to Trombay, procurement of floating craft such as dredgers, a heavy lift floating crane, etc.

4.6 Having regard to the traffic of 31.9 million tonnes forecast for this Port in 1985-86, the facilities tentatively envisaged in the proposed satellite port at Nhava-Sheva include four berths for large bulk carriers (60000 to 80000 dwt) 1 berth for 14000 dwt vessel and 1 berth for fullfledged container vessels. The scheme

also provides for a large dry dock and two ship repair berths. The decision as to the scope of the work to be undertaken in the first stage of development has not been taken yet, but a provision of Rs 13 crores has been made for the scheme in the outlay approved for New Schemes of this Port in the Fourth Five Year Plan.

Present Facilities

4.7 At present the port has wet and dry dock accommodation to meet the normal needs of shipping and is equipped with marine cargo handling appliances and machinery. However, the recent far-reaching changes in the technology of marine transportation and the demands of the changes in the pattern of the traffic viz. changing cargo mix and new types and bigger sized ships require the creation of specialised facilities and rationalisation of the handling techniques. This is sought to be provided in the Dock Expansion Scheme and the proposed new facilities at Nhava-Sheva. The docks are provided with heavy-lift cranes, mobile cranes of varying capacity with a maximum lifting capacity of 43 tonnes and two crawler cranes with a lifting capacity of 35 tonnes. For weighment of cargo, weighbridges have been provided in the Alexandra Dock and Victoria Dock, and dial platform weighing machines have been provided at all transit sheds.

4.8 In addition to the wet docks, there are "bunders" or open basins with jetties serving sailing vessels with an aggregate quayage of about 12.5 km for carrying traffic in timber, sand, etc. The Sassoon Dock is the principal centre for the landing of fresh fish. For unloading of

fish, two hand cranes have been installed. Cold storage facilities have been provided at the Dock on land leased to the owners. The Government maintains a laboratory connected with the fish oil industry. About 650 craft including trawlers and mechanised boats use the Dock bringing an annual catch of 12000 tonnes of fish. Fresh fish is also discharged in limited quantities at other Bunders.

4.9 The Port Trust Railway provides a link between the docks, the bunders and the various depots in the port area and the two main railway systems viz., the Central Railway and the Western Railway. All the docks, and port trust estates are accessible by rail to one another and also to all important places beyond Bombay. The Port Trust Railway has a route mileage of 7 miles, a tract mileage of 132 miles, and 10 stations serving the dock and depots.

Storage Facilities provided by the BPT

4.10 Transit sheds have been constructed in all the wet docks. There are 18 sheds in Alexandra Dock, 6 in Victoria Dock and 6 in Prince's Dock. Area of the sheds and warehouses provided by the Trust authorities in the Dock area are given below:

Floor Area: Sq. metres.

	<u>Transit Sheds</u>	<u>Warehouses</u>
Alexandra Dock	136078	60790
Victoria Dock	44621	-
Prince's Dock	57292	8886

4.11 Outside the Docks there are 6 single storied sheds at Frere Basin for the storage of cargoes with a total floor area of 11,738 sq. metres.

4.12 Besides these sheds and warehouses the Port Trust Authorities have provided storage facilities for certain export cargoes in the port area. These are briefly summarised below.

(1) Ores. At the Mazagon/Sewree Reclamation Estate space has been allotted for the storage of manganese ore, to 32 plot holders who are prominent mine owners and shippers. In other places also storage facilities for manganese and iron ores, other ores and iron and steel has been provided. Land has also been let out to Minerals & Metals Trading Corporation.

(2) Sugar. Two warehouses immediately outside the Prince's Dock have been leased to the Indian Sugar Mills Association. A third warehouse is also allotted to the association during the height of the sugar shipment season. During the off-season the Association returns one or two warehouses to the Trustees.

(3) Oilcakes, Oil Meals and Oilseeds. One warehouse with a storage capacity of 7,500 tonnes of oilcakes has been leased to an Association formed by the Indian Oil and Produce Exporters' Association, the Bombay Oilseeds and Oil Exchange Limited, the Solvent Extractors' Association of India and the All-India Cotton Seed Crushers' Association for storage of oilcakes, oilseeds and oil meals.

(4) Cotton. 127 acres of land have been set aside at the Sewree Cotton Depot for the storage of cotton. 178 godowns have been built on this site by the Trustees which provide accommodation for the storage of 1 million bales of cotton. On this site, there are also 16 open sheds and 225 open jethas which provide storage

accommodation. The godowns have been leased out to firms which are traditionally engaged in the import and export of cotton.

(5) Grains and Seeds. 80 acres of land have been set aside providing more than 1 million sq. feet of covered accommodation for storage of grains and seeds.

(6) Liquid Cargoes. The State Trading Corporation (STC) have erected tanks for storing vegetable oils outside the Alexandra Dock with underground pipeline connection to six berths in the dock. It is also proposed to allot an area to a Shipper for constructing storage tanks for molasses in the Victoria Dock. On other estates also lands have been leased several years ago to firms who have erected tanks for the storage of edible oils.

(7) Fresh Fruits. A site in the Prince's Dock for the erection of cold storage facilities has been earmarked for shippers dealing with export of fresh fruits.

(8) Liquid Chemicals and Alcohols. These are hazardous goods and these cannot be permitted to be stored close to the docks.

(9) Iron and Steel. A plot of land has been let out to M/s Hindustan Steel.

(10) Crushed Bones. At present only three firms have rail served godowns on Port Trust Estate in which crushed bones can be stored prior to export. As the storage facilities are not adequate, it is proposed to allow two railside open-sided sheds in Hay Bunder for advance storage pending shipping of this commodity.

4.13 In addition there are several large warehouses and godowns in the vicinity of the docks available on rent.

Mechanisation of Port Facilities

4.14 In the mechanisation of port facilities the Port Trust Authorities have followed the policy of "Mechanisation without Tears" and would continue it in future. The authorities have taken steps to progressively mechanise port facilities in various ways, for example, replacing hydraulic cranes by electric cranes, re-constructing sheds, enlarging fleets of mobile cranes, heavy lift loading cranes, fork lifts, etc. With progress in mechanisation, the port authorities have also examined the problem of handling heavy loads, palletised cargoes and containerisation. Cargo handling equipment includes self-propelling electric cranes (90), hydraulic cranes (104), floating cranes (2), mobile cranes (57), heavy lifting cranes (3), crawler cranes (3), fork lifts (36), elevating platform trucks (24) and tractors (58). The port authorities contemplate the use of heavy lift cranes with rope grabs in the existing docks, and a full-fledged mechanised installation for manganese ore on the projected satellite port at Nhava-Sheva. Because of the great variety of packaging used as well as the dimensions of such packages, it is difficult to handle general cargo mechanically in the existing docks. The port authorities have installed wharf side and mobile cranes for handling general cargoes. Fork lifts also have proved to be useful for handling such cargo.

Bombay's Sea Borne Trade

4.15 There has been an appreciable increase in Bombay's sea borne trade in the last 25 years both in volume and value. In 1968-69, the port handled 16.4 million tonnes

of traffic consisting of nearly 12.4 million tonnes of imports and 4.5 million tonnes of exports. Bombay handles the highest amount of the import traffic of the country and in the quantum of exports it is only next to Marma Goa. Crude oil, petrol and other mineral oils and foodgrain are the major items cleared at the port. Among other items which call for special mention are machinery, railway materials, chemicals and fertilisers. Of these items, petroleum and other mineral oils account for more than half of the total import trade. On the export side the pattern has undergone change over years, although its impact on total tonnage of traffic is not significant. Petrol and other mineral oils have a pride of place in exports also, although the trade is predominantly of a coastal nature. Among the other exports, the commodities which deserve special mention are oilcakes, iron and steel, iron scrap, manganese ore, sugar, etc. In region-wise distribution of the port's imports and exports, the U.S.A. makes the largest contribution on the import side and on the export side the U.K. and other European countries, Japan and West Asian countries together account for over 15 per cent of the total traffic. The traffic with other coastal ports alone accounts for over 56 per cent of the total traffic.

The Survey

4.16 Being one of the major ports of the country, the problems of the Bombay Port are India's problems and not only of Maharashtra's. As the port accounts for more than 40 per cent of India's imports, it is characterised by both congestion of cargoes and congestion of ships.

This problem is acute particularly when ships carrying foodgrains have to be berthed at the docks. The congestions are the result of the following main factors:

1. Seasonal monsoon conditions
2. Inadequacy of berths
3. Deficiency in port operations
4. Strikes
5. On the export side, shippers not being able to ship goods in time; and
6. On the import side, delay in the lifting of the goods by importers including Govt. Departments.

4.17 Certain aspects of the port operations which were highlighted during the Survey are discussed in the following paragraphs:

4.18 Congestion at Berths. During the last two years, out of the total trade of 16 to 17 million tonnes handled by the Bombay Port, only 4.5 million tonnes consisted of exports and over 12 million tonnes in imports. Not only Bombay is mainly an import port even now but certain items of imports on Government account such as foodgrains have to be given priority in berthing facilities. At present, only three preferential or appropriated berths for vessels have been allotted to firms operating scheduled cargo-cum-passenger services at the Prince's Dock, Victoria Dock and Alexandra Dock. It was pointed out that in actual practice the port authorities find it difficult to reserve berths for export cargoes especially when essential imports have to be cleared. The heavy increase in the import traffic, therefore, results both in congestion at the docks as well as congestion of vessels. On

account of non-availability of berth, incoming vessels have to wait in the stream which means delay in despatch of import cargoes as well as loading of the export cargo. Sometimes the ships do not even touch the port due to the congestion at the berths resulting in the shipper failing in his delivery schedules. Quite often the letters of credit expire by the time the exporters are able to effect shipment. With the construction of four additional berths inside the Alexandra Dock and three at the Harbour Wall under the Dock Expansion Scheme, it will be feasible to allot berths for the handling of export cargoes. In the interim period, the port authorities set apart berth on ad hoc basis for handling of cargoes by lighters. Increase in use of lighters may be possible if berths were reserved for handling cargoes from lighters. It would be worthwhile to extend the allocation of preferential berths to trade routes like the U.K. Continent.

4.19 Labour Turn-over and Shed Management. It was pointed out during the Survey that the incentive scheme for cargo handling by dock labour has considerably improved the labour efficiency. However, there is still scope for reducing unproductive time. Also greater care in handling of cargo is necessary. Suggestions in this regard have been given in the chapters relating to respective commodities.

4.20 In regard to shed management it was pointed out that, apart from maintaining sanitation and cleanliness of the shed floor the shed supervisory staff should be given systematic training in shed management. Literature depicting how sheds are managed in other modern ports could be shown to the dock workers as well as the shed supervisory staff. It was reported during the Survey,

that these steps are being taken by the port authorities and there has since been a marked improvement in the situation.

4.21 The Survey also revealed that export cargoes of consumer goods such as readymade garments, cycles, etc. are subject to frequent pilferage at the Bombay Port. In this connection it was mentioned during the Survey that the port authorities have intensified security measures and the results are encouraging. In addition to the staff of the Watch and Ward Department, shippers are permitted to post their own watchmen.

4.22 Scope for further Mechanisation of Port Facilities.

(i) Greater mechanisation of port operations has been proposed in the port of Nhava-Sheva. In the existing docks also there is a considerable scope for not only improving the existing mechanical equipment but also further mechanisation of port operations. It was mentioned during the Survey that many cranes in the dock are in unsatisfactory working conditions. It was also reported that the working of the cranes is poor, they remain out of order for many days, and even their repair is poor, so that the loading operations, particularly of ores, are frequently affected. In this connection it was learnt from the port authorities that the wharfside cranes work round the clock and as a result of the piece-rate system of payment to the cargo handling labour, the pace of loading and unloading is intensive. Breakdowns of the cranes is promptly attended to by special squads of mechanics and consequently the loss of working time in loading and unloading operations is not significant. It was also mentioned that there

are usually more cranes available at a berth than the number of hatches working at a time and there is not much difficulty in replacing a crane which breaks down during cargo operations.

(11) There is more scope for use of fork lifts at the docks. The port authorities have already placed an order for 12 additional forklift trucks.

(111) Exporters of bananas indicated that considerable damage to consignments would be avoided if mechanical elevators were provided for lifting bananas to the ship holds. In this connection the port authorities mentioned that the present size of the traffic does not justify mechanical elevators. Perhaps exporters could make their own arrangements to provide elevators if there is a significant expansion in traffic.

4.23 The problem of high ocean freights borne by exports from India as well as Maharashtra has been dealt with elsewhere. Standing charges at the port and stevedoring are important elements in determining the transport costs. Containerisation of cargo is one of the methods of reducing these costs.

4.24 In order to keep pace with the increase in traffic, the Bombay Port will have to switch on the unitisation and containerisation. Today in Bombay the average rate of handling general cargo per hook is only 17.6 tonnes per hour. With palletisation the handling rate can be increased substantially and with containerisation still further. It is said that a 20 to 25 tonnes container can be discharged or loaded every 2½ minutes. This technological revolution will bring faster, safer and more economical

transport and door-to-door delivery of goods. According to the future trends, containerisation would be possible from Bombay on U.S.A./Canada and U.K./Continent routes. Among Maharashtra's products, it would be possible to export sugar, fresh fruits, footwear, clothing, cotton textiles, crude animal and vegetable materials and P.C.L. products as containerised cargoes. Of course, the economies of containerisation of traffic would accrue only if the amount of cargoes increases substantially.

4.25 Realising the need for containerisation, the Seminar on Containerisation recently held in Bombay recommended that there was a need for a phased programme over a reasonable period of time for the introduction of full-fledged containerisation. The Seminar suggested various steps towards the introduction of containerisation in the field of transport, customs and port facilities. It was also recommended that all requisite facilities should be provided at the Port of Nhava-Sheva for containerisation traffic. In this field the State Government also will have to play its role in allowing quick movement of road vehicles loaded with containers. The State Government and the customs authorities will have to complete their formalities expeditiously.

4.26 Delay in Preparing the Goods for Shipment. Delay in making the goods ready for shipment is on account of the following reasons:

1. Clearance at the octroi barrier.
2. Customs and other formalities.

4.27 The problem of octroi has already been dealt with later in this chapter as well as elsewhere in the Report. In regard to customs and other formalities, although the customs authorities are rationalising, simplifying and accelerating their procedures, many units contacted during the survey, referred to the long time taken in completing customs formalities.

These units urged that, if necessary, the Customs formalities should be completed within 24 hours.

4.28 Delay in Clearance of Imports. Heavy import traffic is the most important factor responsible for congestion at the Bombay Port. Foodgrains, fertilisers and fertiliser raw materials such as rock phosphate and sulphur on Government account are the most important constituents of the import traffic. (Traffic in foodgrains is now on the decline). During the Survey it was mentioned that the rate of discharge and clearance of import cargoes by the Food Department was much slower as compared to private trade. Many berths remained occupied with vessels meant mainly for imports and loading of export cargoes on other vessels was consequently delayed. It was mentioned that the berths have been reserved for such imports. However, it was suggested that if import traffic with regard to foodgrains, fertilisers, etc. is properly phased and arrangements are made for lifting of the cargoes from the docks more quickly, it will help in relieving congestion at the docks. Diminishing import traffic of foodgrains consequent upon the improvement in domestic production would ease the overall problem.

4.29 Storage of Liquid Cargo. Three types of liquid cargoes handled at the Bombay port are petroleum, vegetable oils and chemicals. It will be recalled that the Liquid Cargo Committee had recommended that there was a need for tank facilities at Bombay so that quicker loading, higher discharge rates and larger shipments would be possible. The Committee had recommended that for this purpose a Central Agency like State Trading

Corporation should establish tank farms in Bombay with 6000 tonnes capacity for the storage of liquid cargoes like liquid chemicals and vegetable oils. The STC has already constructed storage tanks for vegetable oils in the Alexandra Dock. During the Survey it was suggested that the pattern of export trade in chemicals was changing fast and in the coming years, India would be in a position to export liquid cargoes for which adequate transportation, storage, and handling facilities would be essential. A private party has already decided to construct modern storage tanks at Pirpan (vide Chapter 19, Volume III on Petrochemicals). Such schemes would have to be given all assistance from Bombay Port Trust, State Government and Central Government authorities.

Wharfage Charges at the Port

4.30 The Bombay Port Trust has with effect from 1st April, 1969, rationalised and simplified its wharfage rates. Before rationalisation there were 2,064 items in the wharfage schedule. The multiplicity of wharfage rates caused inconvenience to the trade, delay and dispute in assessment and lead to tardier clearance of cargo which resulted in congestion at the Docks. The question of simplifying and rationalising the schedules and the desirability of having a uniform nomenclature of the different charges levied at the major ports was examined by the Government. As a result, a new schedule consisting of only 93 items has come into force. Under the rationalised system the dual system of rating (i.e. the levy of wharfage on the dead weight of the package or its cubic measurement whichever yielded higher revenue) has been discontinued.

The ad valorem basis of charging wharfage has also been dropped. The new rates for the 93 items are the same for goods imported or exported. In fixing the new rates the following considerations have been taken into account:

1. The range of wharfage rates before rationalisation for the items in the group;
2. The rate at which a similar charge is levied at other major ports in India on the commodity in question; and
3. What the traffic can bear?

4.31 In addition, the rising direct cost of handling osrgoes have to be reflected in the wharfage rates. The wharfage rates charged on the surveyed items are given at Annexure 4(s).

4.32 During the Survey it was pointed out that although rationalisation of wharfage rates was a step in the right direction, it had resulted in increase in the rates for certain non-traditional items. In this connection a statement showing surveyed items in respect of which wharfage rates have changed due to rationalisation may be seen below:

Before Rationalisation
(i.e. in 1967-68)

<u>Rate No.</u>	<u>Description of Goods</u>	<u>Average Rate realised</u> Rs/Tonne	<u>Range of rates for exports*</u> Rs/Tonne	<u>Existing Rates</u> Rs/Tonne
(1)	(2)	(3)	(4)	(5)
24	Chemicals - liquid, n.o.s.	4.15	0.09 for 5 litres to 26.25 per tonne	10.00
25	Chemicals - non-liquid, n.o.s.	3.39	3.94 to 6.56	5.00

(1)	(2)	(3)	(4)	(5)
29	Coir and Coir Products	3.32	3.94 to 13.12	5.00
35	Fertilisers-Chemicals	2.75	2.49	3.50
48	Instruments etc.	142.25	13.12	100.00 subject to minimum of Rs. 20.00 per tonne
53	Machinery of all kinds etc.	3.91	3.94 to 9.84	7.50
54	Metal and metal products excl. machinery			
	(iv) Wires and Cables	4.58	4.46	7.50
	(v) Hardware	4.42	4.46	8.00
57	Parts of motor vehicles	4.09	3.94	12.00
64	Oils, and fats, n.o.s.	2.87	2.95 to 3.94	4.50
67	Paper and Paper Products	4.56	3.94 to 7.87	6.50
69	Plastic and plastic manufacturers	8	3.94 to 19.68	12.50
75	Rubber manufactures	13.25	10.50 to 19.68	12.50

* Exclusive of 10% surcharge

4.33 Apart from these items it was mentioned that in the case of steel materials increase in wharfage from an average of Rs 3.52 per tonne in 1965-66 to Rs 7 per tonne was found to be burdensome. In the case of hardboard the rate of Rs 13.50 per tonne constituted nearly 3 per cent of the f.o.b. value. It was also indicated that in the

case of highly competitive items an increase in wharfage rates also affected export pricing. It is, therefore, desirable that while rationalising wharfage rates, the export promotion angle should also be kept in mind. Especially in case of highly competitive items consideration should be given to :

1. Traditional or non-traditional nature of the product; and
2. Competitive strength of the product in foreign markets and the destination to which it is being mainly exported.

4.34 It was reported during the Survey that the wharfage rates at the Bombay port are among the lowest in the world and the factors mentioned above were taken into account as far as possible while fixing the new wharfage rates. It is, however, suggested that the Port authorities may examine the possibilities of reducing the wharfage in genuine cases where hardship is really felt by the shippers.

Difficulties of Up-country Exporters

4.35 The hinterland of the Bombay Port comprises Maharashtra, Gujarat, Madhya Pradesh, Punjab and Delhi. There are a large number of exporters situated in the hinterland who use Bombay port for exports. Over and above the problems faced in availing port and shipping facilities by exporters situated in Bombay, up-country exporters have to face certain additional difficulties in sending their goods to Bombay for exports. These are described below:

1. The up-country exporters usually face difficulties in obtaining adequate number of wagons;
2. The perishable items like bananas and mangoes at present move in ordinary wagons. If the export trade of such items has to be built up on sound and systematic lines

it would be necessary to devise special containers for such cargoes.

3. In the case of railway freight concessions, the railway authorities first of all charge full freight and later on refund 50 per cent in the freight. The refund and final settlement take about an year and this acts as a disincentive in the effective utilisation of the concession. The trade suggested that the concession should be available at the time of the movement of goods by wagons on suitable documentary proof that the movement is actually for exports.
4. The octroi levy introduced by the Bombay Municipal Corporation had become a source of hardship to up-country exporters. However, its bye-laws now exempt items which are brought into the city and kept within city limits for some period until shipping space is available.
5. The experience of the manufacturers/exporters outside Bombay is that not only the private warehouses are many times not safe but their charges are also high. These charges of private warehouses have not been standardised any vary from item to item and even warehouse to warehouse. The warehousing and handling charges of the long established forwarding and clearing agents were reported to be as follows:

(1) Warehousing Charges

Small packets : 40 to 60 paise per
week per box

Heavy loads : Rs 1.50 to Rs 2.00
per tonne per week

(2) Handling Charges

Average Rs 8 per package for double handling
and Rs 5 per package for single handling.

There is a need for a separate warehouse in Bombay to store the goods of up-country exporters pending their loading in the ships.

II. SHIPPING FACILITIES

4.36 During the detailed investigation into the problems and prospects of various exports, the Survey identified two main problems in shipping facilities at the Bombay Port viz. (i) Non-availability of shipping space and (ii) high freight rates. These have been dealt with in the following paragraphs.

Shipping Space

4.37 The Bombay Port handles nearly a half of the total foreign trade of India. There are about 50 Conferences/Rate Agreements in the export trade of India and about an equal number in the import trade. During 1968-69 nearly 60 lines operated from the Bombay Port. Indian lines are members of 33 of these Conferences and are only in a minority position. The important lines for shipping goods are:

- (a) India - U.K./Continent
- (b) India - U.S.A.
- (c) India - Middle East
- (d) India - USSR
- (e) India - Japan
- (f) India - Australia

4.38 The three Indian lines namely the Scindia Steam Navigation Co., the Indian Steam Ship Company and the Shipping Corporation of India are also members of various shipping Conferences. The other Indian shipping companies which employ their vessels in India's overseas trade are the Jayanti Shipping Company, the Great Eastern Shipping Company, the Appejay Shipping Lines, the Ratnkar Shipping Company, the Chowgule Steamship Company and the Mogul Line (a Government of India Undertaking). The size of our merchant fleet has crossed 2 million GRT mark. In addition there are 40 ships of about 7 lakh GRT under construction or firmly on order to be delivered during the next 3 or 4 years. Indian Flags carry 40 per cent of our liner trade and only 11 to 13 per cent of bulk liquid cargo. The Fourth Plan target for Indian shipping is 4 million GRT against the current level of over 2 million GRT. Of this, 3.5 million GRT would be in operation in the Fourth Plan period and 0.5 million GRT would be delivered in the Fifth Plan.

Sailings from Bombay

4.39 Frequencies of sailings every month from Bombay to various overseas destinations are mentioned in the table below:

<u>Sl.No.</u>	<u>Name of the Route</u>	<u>Sailings per month</u>	<u>Remarks</u>
(1)	(2)	(3)	(4)
1.	India/UK	4 to 5	
2.	India/Continent	4 to 5	
3.	India/USA (Atlantic	4	
4.	India/USA(Pacific)	2	

Contd...

(1)	(2)	(3)	(4)
5.	India/Singapore, Japan or Hong Kong	7 to 8	Also serve other South East Asian Ports with transshipment at Singapore.
6.	India/Australia	3 every two months	
7.	India/New Zealand	1 in two months	
8.	India/East Africa	5*	* In two months. The five sailings are provided by passenger-cum-cargo vessels. In addition the Shipping Corporation of India provide one sailing by purely cargo vessel every 6 weeks. Ports of call are Seychelles, Mombasa Zanzibar, Dar-es-Salaam.
9.	India/West Africa	1@	@ With transshipment at Casablanca.
10.	India/Gulf Ports @	5	Ports of call are Dubai, Doha, Kuwait, Khorramshahr, Basrah, Dammam.
11.	India/Red Sea	1	Ports of call are Aden, Port Sudan, Mukalla and Djibouti. Only passenger-cum service cargo vessel.

Contd...

(1)	(2)	(3)	(4)
12.	India/East Canada	-	
13.	India/South American (West Coast)	-	
14.	India/River Plate	-	Accepts cargo from Cochin
15.	India/Poland	2	
16.	India/USSR	1	Covered under the bilateral ship- ping agreement.
17.	India/UAR	1	Sailings are direct and ships do not call at other ports.
18.	India/East Coast of Mexico (Ver Cruz) and Trinidad (Port of Spain)	-	These are services provided by M/s Scindia Steam Navigation Co. Limited, which also caters to cargo from Cochin
19.	India/Bridgetown (Barbados)		

Note: This statement gives only a broad
idea of the sailings and does not
indicate the exact position.

A statement showing the operation of Indian ships in the
Conference Lines operating from Bombay is shown at
Annexure 4b.

4.40 An idea of sailings from Bombay to different ports
in a week may be had from the statement showing number
of vessels due to sail in the last week of certain
selected months in 1968 and 1969 from Annexure 4c.

The Survey

4.41 During the Survey, non-availability of shipping space in time or more frequently to certain destinations was pointed out as one of the common difficulties faced by the exporters. Comments regarding the adequacy of sailings from Bombay received from shipping agents Clearing and Forwarding Agents contacted during the Survey are summarised below:

4.42 India/UK/Continent. This is the most important trade route from Bombay served by Carmahom, other Foreign Conferences and Indian Shipping Companies. There are 4 to 5 sailings from Bombay every month separately and the trade reported frequencies to be generally satisfactory although frequencies of sailings to the Mediterranean ports (e.g. Marseilles) on the Continent have been reduced after the closure of the Suez Canal.

4.43 India/USA. Frequencies of sailings from Bombay are better now as there is a steamer every week or 10 days. However, there is no direct sailing from Bombay owing to the paucity of adequate cargoes. During the Survey it was reported that as the vessels carrying cargo from Bombay touch Calcutta and stay there for a long time, the arrival of cargoes on the East Coast of USA takes considerable time.

4.44 India/Singapore, Hong Kong, Japan. Sailings up to Singapore are adequate but for Manila and Jakarta and South Vietnam are not available when required. It was reported that there are not enough cargoes for these ports so as to justify more frequent services. In addition to the direct freight rates, exports have to

pay transshipment charges at Singapore. These charges have been indicated in Volume V of the Report.

4.45 India/Australia. There are generally three sailings in every 2 months. Three sailings per month are to the West Coast and 2 sailings per month are to the East Coast. Frequency of sailings has improved since the Shipping Corporation of India has started plying its vessels.

4.46 India/Fiji. There is no direct sailing from Bombay to Fiji Islands for want of sufficient loads. It was reported during the Survey, exports of engineering goods and Chemicals to Fiji could be stopped up if adequate sailings from Bombay were made available.

4.47 India/East Africa. There are 5 sailings in 2 months provided by passenger-cum-cargo vessels. It was reported that the sailing of cargo vessel provided by the Shipping Corporation of India once in 6 weeks is not enough particularly when hazardous cargoes such as hydrochloric acid and chlorine have to be shipped. The trade also reported that as the cargo of textiles to the East African ports are decreasing, the question of economic load to these countries may become serious in future unless this decline is compensated adequately by exports of non-traditional items.

4.48 India/West Africa. There is one sailing from Bombay in a month. There were no particular comments from trade regarding the frequency of sailings except that the awkward nature of the cargo e.g. steel bars presented a problem of hatch capacity.

4.49 India/Persian Gulf Area. As this is a growing trade route for our non-traditional items particularly after the Suez crisis, the trade wanted that frequency of sailings to these countries should be increased and Indian ships should cover certain out ports besides the main ports. From 30 January, 1970 a conference known as Bombay/West Coast of India - West Asia (Gulf) Conference has come into being and it is expected that this Conference will provide regular coverage emanating from Bombay to West Asian destinations. More serious complaints regarding this route were with regard to high freight rates which have been considered later in this chapter.

4.50 India/UAR. The joint shipping service between India and UAR established under the Bilateral Trade Agreement envisages shipping of cargo and freight earnings between the national lines of the two countries on a 50:50 basis. The trade reported that actually there was not even one vessel sailing to UAR in a month whereas the cargo was much more. Consequently steamers appear to give preference to big shipments such as steel and general cargoes miss the sailing. In the absence of adequate tonnage on the return journey, the Indo-UAR service is not reported to be a paying line for Indian vessels. On the UAR side, not only there are no adequate cargoes for India but UAR has no enough vessels.

4.51 Shipping Service to Latin America. Certain exporters were anxious to develop trade with the Latin American countries but so far there has been no direct service from the Indian Lines and also the freight rates are exorbitant. It was reported that the monthly rate of cargo from Bombay was hardly 250 tonnes which was not

enough for having a direct sailing. Scindia's have recently started a monthly sailing from Calcutta and Cochin to Vera Cruse Port of Spain, Bridge Town. But they appear to be unwilling to cover the Bombay cargo because of paucity of economic loads. The possibility of having a SDR contract in Rotterdam for shipping goods to Latin American ports is reported to be under consideration by the Shipping Corporation of India. But in this case also the question of minimum economic load would arise otherwise even the SDR system would prove to be very costly. The type of cargoes for Latin American countries namely steel, rail materials etc. was also likely to create problem of the hatch capacity.

Difficulties of Small Shipments

4.52 Apart from the general question of frequency of sailings the Survey revealed that in trying to load their goods in the earliest possible vessels, there was tendency on the part of the shippers to over-book cargo space. The over-booking was in the form of booking more space than the cargo or booking the same cargo with more than one shipping agent. As the shipping space is not adequate, there was a tendency on the part of the shipping agents to give preference to big shipments and reluctance to accept small consignment. Complaints were also heard from small shippers that although they had booked cargoes on specific vessels these did not accept them although they touched the Bombay Port. Sometimes there are small consignments to be shipped to small ports and the sailings to such ports are either not available or

are very rare. The transshipment charges involved in sailings to small ports and the possibility of damage was quite high and were beyond the capacity of small shippers.

4.53 The practice of over-booking could perhaps be avoided by contact among the shipping agents and the DG Shipping could take initiative in the matter. The problem of small consignments could perhaps be solved if the Conference Lines were more helpful. During the Survey, a view was expressed about the desirability of an Indenting House in Bombay which could pool small consignments (say 5 and 10 tonnes) from various shippers. It was pointed out that if each shipper could indicate every month his indents of shipping space - countrywise and commodity wise - to the Indenting House, this would facilitate the conference lines to plan their booking space. Such an arrangement will also check the practice of overbooking shipping space. The Survey is of the view that this aspect needs further investigation. It is suggested that the Western India Shippers Association may examine the feasibility of setting up such an indenting House in Bombay.

Ocean Freight Rates

4.54 The freight rates charged on the surveyed items from the Bombay Port to important destinations are given in Volume V of the Report. Three types of grievances expressed by the shippers during the Survey were:

1. Frequent rise in the freight rates
2. High incidence of freight rates to certain destinations
3. Discriminatory freight rates

4.55 Incidence of Freight. Contrary to the general belief that freight should not constitute more than 10 per cent of the f.o.b. value, the Survey revealed very high incidence of freights on exports from the Bombay port on a number of items. Instances of high incidence of high freights on the f.o.b. value of exports have been given in Volumes II to IV of the Report. In justification of specific rates on a commodity the shipowners and shipping agents have usually pointed out that export promotion alone cannot be considered as a component factor of the freight rate structure. The major factors taken into account for fixing a specific rate are:

1. Storage
2. Value of the article per rating unit
3. Susceptibility of commodity on loss and nature
4. Hazardous commodity and its liability to other cargo
5. Rates at which commodity can be loaded or discharged
6. Annual movement of commodity on the trade.

4.56 In justification of a freight rate for a particular item it is usually stated that the shipper always sells space. In order to maximise revenue the shipowner bases his freights either on weight or measurement whichever yields higher revenue to him. The value of commodity is also taken into consideration on the ground that exporter of a comparatively valuable commodity would be willing to pay a comparatively higher rate. In the case of perishable commodities the shipowner takes into

* T.K. Sarangan, Liner Shipping of India's Overseas Trade, United Nations

account the extra care that he has to take for preventing damage and the use of special equipment for temperature control, ventilation etc. For hazardous cargo the shipowner has to incur additional cost and take additional care in handling the cargo and hence such cargoes are charged at rates which are much higher than the general cargo rates. The time taken for handling the cargo at the port is an important factor in determining the freights. In many cases the cost of detention of the ship at the port is also responsible for higher freight rates. Berthing delays and long time taken in loading and unloading at the port are reflected in the ocean freight rates. The regular or irregular nature of the traffic determine not only the frequency of sailings but also the freight rate. The Survey revealed that the tardy nature of the cargo is the most important reason for high freights for non-traditional items. The congestion of ships at the Bombay port is also reported to be one of the reasons for generally high freight rates from the port to various destinations. But the most important and the basic reason for the high freight rates is the pooling arrangements introduced by the Conference Lines. Under this arrangement the booking of space is done through members of the Freight Brokers Association and the Lines pay 1 per cent brokerage charge for the service rendered by them. By pooling arrangement the Conference Lines have acquired monopolies of sea routes and in the process the shippers have to run after the shipping agents, wait for the ships and also pay high freight charges. The tie-up arrangements in the form of deferred rebates has further strengthened the bases of the Conference Lines.

4.57 Discriminatory Freight Rates. Apart from the high incidence of freights a few instances of discriminatory freight rates in the case of some of the surveyed items have also been cited in Volumes II to IV of the Report.

4.58 Frequent Rise in Freights. Rising ocean freight rates has become a serious handicap in the promotion of India's exports. As far as ocean freights from Bombay port are concerned, in the recent four or five years, general rates have increased even three or four times for US, Canadian, Japan and Oceanic Countries' Ports, and at least two times in the case of other ports. The cumulative increase in the general rates in the case of US Atlantic ports has been 46 per cent, US and Canadian pacific ports 33 per cent, Australia 32 per cent, New Zealand 27 per cent, Persian Gulf ports 21 per cent, East African ports 15 per cent, Japan and Hong Kong 16 per cent and Bangkok, Saigon and Thonpenh 24 per cent.

Consultation and Negotiation Machinery

4.59 In order to solve the problems relating to shipping freights etc. consultation and negotiating machinery has already been created at the trade and Government level. The Freight Investigation Bureau was founded in 1959 in the Directorate General of Shipping at Bombay to keep a watch over the maritime freight structure of export cargoes, to investigate complaints and high anomalous and discriminatory freights and lack of regular shipping services and serve as a liaison organisation between shippers and shipping interest. The FIB has done useful work in examining Conference tariffs and research on adequacy of shipping services on existing routes and has been able to scrutinise and lend support to shippers.

complaints. The Bureau has been instrumental in bringing about rate adjustments in a large number of cases and assisting the shippers in solving their problems. The National Shipping Board has been established for advising the Government on matters relating to shipping. At the trade level, the Western India Shippers' Association was established at Bombay in May, 1962 with the objective of bringing together shippers in Western India to discuss problems relating to shipping space, regularity of sailings, freights etc.

4.60 Similarly Shippers' Association were set up at Calcutta in 1964 and at Madras in 1966. These Associations has been federated into an all India organisation called All India Shippers Council. Earlier the complaints of shippers regarding freight rates used to be taken up by the FIB with the Conference Lines. Under the revised procedure dealing with the complaints of shippers in regard to freight rates, the shippers have to submit their application to the Shippers Association and the latter takes it up with the Conference Lines, if they are satisfied that the shippers have a right case.

Conclusion

4.61 Regularity of shipping space and stability of freight rates are two essential elements in export promotion. It appears that in both these respects the export trade of India including that of Maharashtra is passing through an interim period in which cargoes are increasing but have yet to reach the minimum economic level so as to justify more frequent sailings or reduction in the freight rates. It seems that during this interim period, apart from the efforts by the

Western India Shippers' Association and the FIB, the three Ministries in the Government of India namely, Foreign Trade, Shipping & Transport, and Finance would have to get together and decide the basic question of subsidies on ocean freights or evolving promotional freight structure.

5. EXPORT FINANCE

In India, export finance at cheaper rates, both short and long term, is provided by the Indian as well as foreign banks. The Reserve Bank of India and the Industrial Development Bank of India function as refinancing institutions for short and long term finance respectively. The Export Credit and Guarantee Corporation undertakes to cover commercial and political risks involved in export trade. Before an exporter can ship his goods he has to procure raw materials and arrange for their manufacture according to the contract with the buyer. For financing his production he either utilises his own funds or, relies on the buyer or seeks financial assistance from the bank. The following are the various ways of financing exports:

Advance Payment/Remittance

5.2 In this mode the exporter receives payment from the buyer at the time of the placing of the order or the signing of the contract or at some time before shipment. The remittance is effected by bank draft or mail transfer.

Red Clause Letter of Credit

5.3 Under the ordinary letter of credit, the exporter can obtain payment from a bank immediately after shipment of goods provided the shipping documents comply with the terms of L/C. However, if he needs pre-shipment finance he has to arrange for opening of a red clause letter of credit authorising the bank to make immediate payment to the exporter or to make payment from time to time as per

provisions in the letter of credit, against only a clean draft and an undertaking to present shipping documents within credit validity. Thus the exporter gets finance from the bank immediately he draws the bill. The negotiating bank claims the amount of payment from the credit opening bank.

Transferable Credit

5.4 A transferable credit carries an authorisation of the credit opening bank permitting the transfer of the credit by the advising bank to another beneficiary if so instructed by original beneficiary.

Back to Back Credit

5.5 The exporter instead of getting a transferable L/C or of blocking his own funds for the purchase of raw materials may open local letters of credit in favour of his suppliers against such export credit.

Packing Credit or Pre-shipment Finance

5.6 This is pre-shipment assistance or accommodation made by the bank to the exporter to enable him to prepare goods for export. While making such advances the bank takes into consideration credit worthiness of the borrower, exporter's experience in the field, security offered, etc. Usually the bank insists on the deposit of irrevocable letter of credit or a firm export contract entered into by the exporter with the foreign buyer. Packing credit advances can be given on the pledge or the hypothecation of goods.

5.7 The Reserve Bank of India has made improvements in the refinancing of packing credit and post shipment finance from time to time. In fact, the Japanese expert Mr. Yohaiki Toda of the Bank of Japan who gave a report on the export credit system of India mentioned that the

export finance scheme of the RBI is among the best efforts devised by Central Banks and are presently in operation. Under the Interest Subsidies Scheme of the RBI, a bank in approved cases makes advances to enable manufacturer-exporter to buy or manufacture goods for overseas buyers. The exporter is required to produce a letter of credit or a firm contract. The advance is for a stipulated period not exceeding 180 days. Such advances are at present made at a concessional rate of 6 per cent per annum provided these are liquidated within 180 days from the date of advance by negotiation of export bills. The Reserve Bank provides finance at the rate of $4\frac{1}{2}$ per cent per annum in respect of packing credit on advances made by the bank to exporters of engineering and metallurgical products and 5 per cent (i.e. the Bank Rate) in respect of those to exporters of other products.

Post-Shipment Finance

5.8 In the case of post-shipment finance the exporter after effecting shipments can arrange for finance by his bank against such export documents. Such documents can be drawn on sight D/P basis or on D.A. terms upto 90 days sight or in special cases upto 180 days sight from shipment date. When the exporter approaches his banker, the bank fixes a limit for the purchase of his documents drawn at sight or on D.A. terms. In fixing the limits, political situation and import licensing policies in the country on which the bills are drawn, foreign exchange control, etc. are also taken into consideration. If the exporter has received a letter of credit in his favour he has to draw his draft under the letter of credit and hand it over to the bank for negotiation. If the documents are drawn

strictly in terms of the letter of credit the bank can give the bill amount against his documents. If the bank finds some discrepancies in the documents but is satisfied with the exporters standing, it can pay to the exporter's bank "under reserve".

5.9 On post-shipment finance, in the case of export bills whose maturity is not more than 180 days, from shipment date the bank can give post-shipment credit at the interest rate not exceeding 6 per cent and the Reserve Bank provides refinance to the bank against declaration of the bank's holding of usance export bills.

Advance Against Realisable Incentives

5.10 In addition to pre-shipment and post shipment advances the bank may make advances against duty drawbacks, cash subsidy, etc. receivable against export performances. These advances are also available at the concessional rate of 6 per cent provided these are liquidated within 240 days from the date of shipment.

Extension of Time Limit of Credit to Buyers

5.11 Normally, exporters are required to realise the full value of exports from the country in the prescribed manner within a period of 3 months from the date of the shipment in the case of exports to Pakistan and Afghanistan and 6 months in the case of export to other destinations. Extension of the time limit is granted in respect of certain engineering goods for which liberalised credit facilities are extended by Industrial Development Bank of India. Extension up to a period of 3 to 5 years are granted in

respect of specific goods. Application for extension of this concession to other capital or engineering goods are favourably considered especially where the Industrial Development Bank of India has agreed to provide co-finance facilities.

The Survey

5.12 During the Survey an attempt was made to collect information on the sources of pre-shipment finance for selected items. Out of the total units contacted during the Survey, data could be obtained from 593 units, in respect of pre-shipment finance and 528 units in respect of post-shipment finance. Sources of export finance for the selected units have been classified in volume V of the Report. Out of 593 units for which the data have been analysed, 241 units reported to have availed packing credit and 352 reported that their export business was mostly on self-financing basis. The self finance basis of exports was predominant in crushed bones, gems and jewellery, paper and paper products, hardware, leather footwear and other leather manufactures and cast iron and steel castings. Both availing of packing credit and self-financing were prevalent, in varying proportions, in the case of processed food items, cotton manufactures (hosiery, readymade garments and made-up articles), rubber and canvas footwear and other rubber products, glass and ceramic products, paints, dyes and intermediate soaps, cosmetics and toiletries, drugs, basic chemicals and engineering products such as machine tools, diesel engines, electrical appliances and textile machinery. Availing of packing credit was predominant in marine products, stainless steel products, plastics and PVC cables.

5.13 In the case of post-shipment finance, 380 units reported that they avail post-shipment finance on the basis of discounting bills against L/C and 148 units reported that they avail post-shipment finance on the basis of discounting bills without L/C. Discounting of bills against L/C was predominant in crushed bones, marine products, wood products (hard board, veneer and chipboard), paints, dyes and intermediates, pesticides, drugs, basic chemicals, plastics, machine tools, diesel engines and other agricultural machinery, electrical appliances, stainless steel products, cast iron and steel castings, textile machinery, PVC cables and pressure stoves and lanterns. Post-shipment finance both on the basis of discounting of bills against L/C and discounting of bills without L/C was availed in varying proportions in respect of processed fruits, cotton manufactures, leather footwear and other leather manufactures, paper and paper products, glass and ceramic products, soaps, cosmetics and toiletries and hardware items. Post-shipment finance on the basis of discounting of bills without L/C was predominant in gems and jewellery and rubber & canvas footwear and other rubber products.

5.14 No problems of any serious nature in obtaining packing credit were reported by the units covered during the Survey. Discussions with selected commercial banks also showed that the present system of export finance has worked well and they also found little difficulty in its operation. Only one commercial bank, reported difficulties in the realisation of payment from importers in certain countries, e.g. Iraq, Sudan, Ceylon, Nigeria and Ghana. The reasons mentioned were sudden change in the import policy, (e.g. Iraq), late arrival of goods

(e.g. calendars) and rejection of consignments (e.g. plastic bangles). Certain banks experienced difficulty in accepting bills for collection from countries for which sailings of ships were not regular (e.g. West Indies).

5.15 The total outstanding export finance provided by the scheduled Commercial Banks at the end of May 1969 (at the time of the field work for the Survey) was of the order of Rs 250 crores. It was indicated during the Survey that if the export target of Rs 1,900 crores fixed for 1973-74 has to be achieved, export finance of double the amount would be necessary and that achievement of the export target of this order would be facilitated if export finance was made more liberal. Suggestions made during the Survey in this regard are mentioned below:

5.16 Quantum of Packing Credit. Some units desired that the quantum of packing credit which was at present related to the value of the export contract or the letter of credit did not take into account the actual cost of production of the goods which was usually higher. Export production would be facilitated if the quantum of packing credit was related to the cost of production. It was also suggested that while granting packing credit, total export realisable including incentives from the Government such as cash assistance, duty drawbacks should be taken into account. Discussions revealed that only some banks were granting packing credit on the basis of total export realisable.

5.17 Duration. The duration of the packing credit is for a period not exceeding 180 days. Extension of time is granted on case by case basis. Certain exporters felt that this time limit was alright in respect of goods for the production of which only indigenous raw materials were

required. In the use of goods which had significant import content, the time taken in getting import licence, actual imports and production was quite long and actual shipment of goods took nine to twelve months. These exporters, therefore, were of the opinion that the duration of packing credit should be extended to 270 days as a normal practice.

5.18 Interest Rates. As already indicated earlier, the Reserve Bank's rates of interest for re-finance to the Commercial Banks are $4\frac{1}{2}$ per cent in the case of exports of engineering and metallurgical products and 5 per cent for other products. Irrespective of the banks' dependance on re-finance from the Reserve Bank, they are granted a subsidy of $1\frac{1}{2}$ per cent. Commercial banks charge a minimum rate of 6 per cent which is the maximum rate fixed by the Reserve Bank on export finance to all exporters. One of the leading exporters of metallurgical and steel products contacted during the Survey indicated that by charging the same rate of 6 per cent to all the exporters, the preferential treatment intended to be granted to the engineering and metallurgical industries has been denied by the commercial banks and has not been passed on to the exporters of engineering and metallurgical products. The exporters felt that the commercial banks should charge a concessional rate of $5\frac{1}{2}$ per cent for export finance for these categories of exports.

5.19 It was also indicated during the Survey, that the rate of interest of 6 per cent for packing credit and postshipment finance was rather high. In support of this, they cited the example of Japan where the export finance is available at much cheaper rate. The exporters were of the opinion that the rate of re-finance by the Reserve Bank

should be lowered to the call rate in the slack seasons (about $3\frac{1}{2}$ per cent) so that the commercial banks may be able to grant advances to exporters for packing credit and post-shipment credit at the rate of 5 or $5\frac{1}{2}$ per cent.

5.20 At present, all the commercial banks are charging the rate of interest on export lending at the ceiling fixed by the RBI, i.e. 6%. Bank's quantum of credit no doubt varied according to the risk involved. It was also suggested that the banks should be persuaded to charge interest rate depending upon the nature of the risk. For instance, if an export contract is backed by a letter of credit established for the full invoice value, the bank should charge less than the ceiling. Thus depending upon the risk involved the rates of export lending should either be 5 per cent, 5.5 per cent or 6 per cent.

5.21 In respect of engineering goods exported on long term credit, it is found that the competing countries offer their goods on more attractive terms such as lower rate of interest (2.5 per cent) and long period of repayment, say, 12 years or so. In order to compete with these suppliers, Indian exporters also would have to offer their goods on attractive terms for which restrictions on terms imposed by the Government would have to be relaxed. Also, in order to enable the exporter to lower his interest rate to the buyer, he may be given export finance by the banks at lower rates.

5.22 Advances Against Cash Assistance, Drawbacks etc.
Discussions with the selected commercial banks revealed that not all the banks were making advances against duty drawbacks and cash subsidy receivable against export

performance. The reasons mentioned were as follows:

1. In cases where duty drawbacks were not fixed receivables against export performance were not certain.
2. Banks are not in a position to check independently whether the information given by the exporter regarding cash assistance receivable by him is accurate.

5.23 Export Finance to Small Scale Units. Discussions

during the Survey revealed that the foreign banks were giving export finance mainly to the large scale units. Some of the Indian banks mentioned that apart from the problem of hypothecation of goods faced by them in advancing packing credit to small scale units, they were finding their preparation of the export documents unsatisfactory.

So far banks' clientele consisted mostly of big manufacturers and traditional exporters. Now new exporters have started approaching the banks for finance. Small scale units do produce good products but not necessarily good documents. As the banks deal with documents and not the goods, they find it difficult to deal with the small shippers expeditiously. Many a time imperfect export-documents lead to delay in the clearance of goods at the importing end, consequently higher interest charges are required to be paid by the shipper on packing credit. High demurrage charges required to be paid by the buyer on account of delay in getting the documents from his banks also irritates the buyer. In this connection, the Bank of Baroda, Bombay has offered free training in documentation and the small scale units should take advantage of the same. Either the State Government may arrange the training with the Bank of Baroda in batches of small scale units or the associations of

different industries may make arrangements with the Bank.

5.24 Group Approach. During the discussions in the Survey some leading banks indicated that they would be willing to consider export financing for meeting the expenses of clearing/forwarding agents and warehousing to the small scale units provided they form a group or set up their own clearing/forwarding agencies and warehouses. Export finance to such agencies at concessional rates would help the small scale exporter in reducing his cost on forwarding agency commission and warehousing. The Survey is of the view that if the MSSIDC can act as forwarding agents and also as a warehouse for the small scale units it may be able to take advantage of the offer made by the Banks.

5.25 Finance for Deferred Payment Exports. Manufacturers in Maharashtra have already undertaken exports on deferred payment basis. For instance, they have undertaken turn key jobs and participation in joint ventures. Exports on turn-key basis are likely to increase in the near future. Therefore, there is need for an international agency which would provide re-financing facilities to the lending banks.

5.26 Publicity of Packing Credit. The Survey revealed that there was a need for greater publicity to the packing credit facilities given by the commercial banks, especially among the industrial centres situated away from the Bombay-Poona region.

ECGC Facilities

5.27 The Export Credit and Guarantee Corporation insures the exporter's credit risks, commercial and political, and guarantees payment to him on the one hand and on the other it furnishes guarantees to the financing bank so that the

exporter may get adequate credit facilities to expand his business. Different types of covers provided by the ECGC are (i) standard policies issued to exporter to protect him against the risks of trading with overseas buyers on credit terms (ii) financial guarantees issued to banks against the risks involved in providing credit to exporters and (iii) special policies like credit insurance policies and market development policies. In practice the maximum business done by the ECGC is in respect of covering risk against foreign buyers. ECGC does not cover risks of loss due to (i) disputes in quality (ii) causes inherent in the nature of goods (iii) buyer's failure to obtain import or exchange authorisation (iv) default of the exporters, and (v) fluctuations in exchange rates.

5.28 An exporter may either take a comprehensive risk policy covering both political and commercial risks or secure himself against political risks alone if he so chooses. The Corporation's Standard Policy pays the exporter 90 per cent of its loss on account of commercial risks and political risk.

ECGC like any other credit insurer expects a fair spread of the risk it insures, therefore, under its shipment / contracts policies, an exporter is normally expected to insure the whole turnover of his exports for a period of twelve months. Cover may also be given under these policies for specific business done with an agreed group of markets.

The Survey

5.29 Data relating to the surveyed units availing ECGC facilities are tabulated in volume V of the Report. Out of 756 units for which Survey data are tabulated 264 units

reported that they availed ECGC facilities. Industries availing these facilities are indicated below in order of their importance:

- i) Plastic goods
- ii) Electrical goods viz. appliances, accessories, public address equipment, fans, etc.
- iii) Diesel engines
- iv) Machine tools
- v) Hosiery, ready-made garments, made-up articles of textiles
- vi) Stainless steel utensils and hospital equipment
- vii) Textile and chemical machinery

5.30 The following suggestions regarding the ECGC, facilities were made during the Survey:

- i) ECGC should be prepared to cover only those destinations where the exporter is finding greater risks;
- ii) Premium rates should be reduced,
- iii) Limits of the insurance should be adequate; and
- iv) Claims should be settled more expeditiously

5.31 It was also found that many of the suggestions made by the units including some of those mentioned above are based on the lack of knowledge about the ECGC. It is felt that adequate publicity among the exporters especially into the interior of the State may be undertaken by the ECGC with the help of the offices of Director of Industries.

6. EXPORT PRICING

Of all the variables that influence the potential sales of a product, price is probably the most important. Consequently pricing is treated as an important management tool in promoting sales abroad. Effective employment of pricing as an element of marketing strategy pre-supposes knowledge of foreign market such as its size and growth, strength and weakness of competitors, the elasticity of demand for the product etc. Detailed information on these aspects can be gathered through systematic market research.

6.2 Export pricing is a complicated problem for a developing country like India especially in respect of non-traditional items. Firstly, India (including Maharashtra) is a new comer in the field of a number of engineering and chemical products. Large companies in advanced countries have already entrenched themselves in a number of markets. Not only their products are sold by well-known brands but due to their publicity and sales promotion campaigns, products of newcomers like those of India have also to make considerable efforts in carving out a market for themselves. Although the country has diversified its production in many fields and improved the quality of its products, yet some countries are not aware of the wide range of products that we can offer. Making the product known in foreign markets and creating a brand image is one of the essential preliminaries in export pricing. In the absence of a brand image, products have to be underpriced although in quality and performance, they

may in no way be inferior to those supplied by the competitors.

6.3 Pull of domestic demand is another important factor that influences export pricing in the case of India (including Maharashtra). Domestic prices (excluding excise duty if any) are usually higher than the f.o.b. prices in respect of many products. The Survey revealed very few instances where the pull of the domestic demand is not much. Export pricing of such items generally depends upon incentives such as cash assistance, drawback of import duty, etc. which make sale in the overseas market more remunerative than the domestic sale. In some cases, exports take place because of the need for imported raw materials which are allowed under import replenishment. In the case of such items, stabilisation of domestic prices is essential for export promotion.

6.4 On the supply side, export pricing is governed by the cost of production. Elements of cost are broadly classified into: (i) prime costs or variable costs and (ii) fixed costs or overhead costs. Prime costs include cost of raw materials and other operative charges such as labour, fuel and electricity, stores and spares, etc. Fixed costs or overhead costs include head office expenses, depreciation, return on working capital, return on gross block etc. The two together constitute the ex-works price for the product. For every firm, price must cover, at least in the long run, all the costs. Besides the elements mentioned above, additional elements which enter export pricing are transport cost, commission of forwarding and clearing agents,

warehousing cost and freight and insurance. For the purpose of export pricing, two methods which are usually adopted are (i) Cost plus method; and (ii) Marginal cost method.

Cost Plus Method

6.5 In the cost plus method, export price covers both fixed and variable costs. The price of the product is set at a level which is the average of the total cost of each unit of output plus a mark up for profit. The export price thus calculated is compared with the market price so as to decide whether to accept the offer or not. Thus in this method, pricing is cost oriented rather than market oriented. The cost plus method is not suitable for export promotion as it does not take into account the realities of the markets. Cost is dependent on volume of production which in turn is dependent on the size of the market. This approach ignores the fact that cost itself can be brought down if volume of production expands as a result of exports.

Marginal Cost Method

6.6 In this method, price covers only prime or variable costs i.e. the cost of raw materials, labour, etc. which are directly traceable to export production. Since in India, raw material costs are high due to inadequate supplies from indigenous sources and/or restricted imports, in export pricing it may not be possible to follow the cost plus approach. Hence it should be contended if, on the export sale, it is worthwhile covering only the prime costs, transferring the overhead costs to domestic price. To what extent the overhead costs could be transferred to the domestic price would

depend upon elasticity of internal demand for the product, whether domestic prices are controlled by Government and the size of the domestic market and the export market for the product. In the case of manufacturers, whose major share of production is sold in the domestic market and only a small portion is exported, it would be possible to lower the export price by the entire overhead cost. In case, however, exports constitute a major share of total sales, export price would have to cover not only the prime costs but a fair proportion of overhead costs as well. In the ultimate analysis, the share of overhead costs in export price and domestic price would depend on the level of output. In the export strategy, the manufacturer will have to determine his production level and divide his sale in domestic and export market in such a way that the total profit will be maximum. Depending upon the nature of domestic as well as foreign demand and elements of cost, the manufacturer has to compare the relative advantages of alternative price decisions and arrive at domestic and export prices, which would make maximum contribution to overheads. While calculating the contribution made by exports, he would of course take into account benefits from cash assistance, import replenishment, duty drawbacks, etc.

Elements in Export Pricing

6.7 Elements which enter marginal cost pricing are mentioned below:

A. C.I.F. offer price in Rupees

Less

Agents commission
Servicing commission
L/C discount
Other rebates

Contd....

- B. C.I.F. price (net)
Less
 Freight
 Insurance
- C. F.O.B. Realisation (net)
Less
 Port Trust charges
 Forwarding & clearing charges
 Inland transport charges
 Inland insurance charges
 Loading, cartage and other charges
- D. Ex-works realisation
Plus
 Cash Assistance
 Import Replenishment benefit
 Duty drawbacks
 Any other benefit
- E. Ex-works Realisation (Gross)
Less
 Interest on Deferred Payment
 Other expenses, if any
- F. Ex-works realisation (net)

Ex-works Cost

- A. Variable cost
 Production cost
 Direct material cost
 Direct labour cost:
- B. Variable overheads
- C. Selling cost
 Packing
 Advertising & other promotional expenses
 of variable nature
 Other incidental expenses

Ex-works cost Net (A+B+C)

Contribution = Ex-works realisation - Ex-works cost (net)

The Survey

6.8 Lack of Knowledge of Demand. The Survey revealed that export pricing in the case of non-traditional items became difficult both on account of lack of knowledge of markets on the demand side and systematic costing for export purposes on the supply side. Lack of information on o.i.f. prices prevailing in the foreign countries is one of the major handicaps felt by the exporters of non-traditional products. The information usually available to the exporter is the prevailing selling price to the end user. Even the agent's commission is not known in respect of many commodities. Similarly exporter is not able to analyse different prices in different markets. The Survey revealed that comparable prices in different markets for export pricing were known only to a few industries namely ready made garments, made up articles, soaps, cosmetics and toiletries, glassware items and processed fruits. In this respect, developed countries have advantage as they have set up joint ventures which regularly transmit such information to the parent countries.

6.9 Capacity Utilisation. Under-utilisation of capacity is a feature of a number of industries studied during the Survey. The main reason reported was the insufficient availability of raw materials. Low level of production has led to high overhead costs which is affecting the competitive capacity of the industries in the overseas markets.

6.10 The Survey revealed that the units which were comparatively less export conscious and were attracted more by higher domestic prices were adopting the cost

plus approach. In their case, export pricing appeared to follow the following formula:

Domestic Price (a)

Plus Port charges (b)

Forwarding & clearing charges (c)

Inland transport charges (d)

Inland insurance charges (e)

Loading, carting & other charges (f)

Other charges, if any (g)

= F.O.B. price (Gross) (h)

Less Cash Assistance (i)

Import Replenishment benefit (j)

Duty Drawback (k)

Any other benefit (l)

= F.O.B. price (Net) (m)

In their case, therefore, if the net export realisation (m) did not equal domestic price, (a) they had no incentive to export. Obviously in their case, domestic price covered both fixed and variable costs. Cost plus method was also evident in units whose exports constituted a substantial proportion of the total production (e.g. marine products, gems, gumboots, paper cones etc.). In their case, as overseas sales constituted a significant proportion of their total turnover, it was necessary for them to load the f.o.b. price with overhead costs.

6.11 In the case of merchant exporters who usually adopt the cost plus approach, the following elements entered export pricing:

Purchase price (a)

Profit margin on domestic sale (b)

Cash Assistance (c)

Benefit of Import replenishment (d)
Other benefits, including drawbacks (e)

For the merchant exporter overseas sale was more remunerative if $(a)+(c)+(d)+(e) > (a)+(b)$

Marginal Cost Method

6.12 In a great majority of non-traditional items, the units reported that they followed marginal cost method. Even those, which reported that they were exporting at a loss, meant that their total export realisation was able to cover only the variable costs. Their export pricing followed the following formula:

~ Total variable cost (a)
Less Cash Assistance (b)
Import Replenishment Benefit (c)
Duty Drawback (d)
Other benefit, if any (e)
F.O.B. price (net) (f)

The part played by various elements in export pricing as revealed during the Survey is discussed below:

6.13 Raw Materials. In a great majority of non-traditional items, high prices of raw materials account for high variable cost. High prices of raw materials are due to

- (i) High cost of production of raw materials in the country
- (ii) Restricted import policy
- (iii) Insufficient availability of indigenous materials

Raising the price of raw materials without giving sufficient notice to the producer of export products was reported to be affecting export pricing (e.g. paper products, chemicals).

6.14 Reference to the chapters on various commodities in Volume II to IV would indicate that surveyed units suggested that supply of raw materials at international prices would be the most important step in export promotion. The contention of the manufacturer-exporter was that even where imports were allowed for export production (i.e. at international prices), production for exports on the basis of imported raw materials alone was not economical and a more broad-based production was necessary for achieving economies of scale. Suggestions regarding making available various raw materials have been made in respective commodity chapters. The Survey is of the opinion that supply of raw materials at international prices, wherever feasible would go a long way in quoting competitive prices.

6.15 Cash Assistance. Impact of cash assistance on export pricing has been studied in respect of certain products in the Confidential Report of the Survey. Here the role of cash assistance may be mentioned in general way. In the case of non-traditional items, cash assistance is the most important calculable benefit and it serves to quote the f.o.b. price below the variable cost with exactitude. Some manufacturers wanted higher cash assistance even though the existing rate covered their variable cost. They contended that although f.o.b. price covered their variable cost they would be able to quote a lower f.o.b. price if cash assistance was increased. Increased cash assistance was desired especially in respect of items in which stiff competition was being faced from China and Pakistan. During the Survey, an impression was gathered that cash assistance was not available for exports of

those items which were based on indigenous raw materials although these were available only at high prices (i.e. Medicinal Castor oil). It was noticed that the prices of raw materials for certain items (e.g. leather products) were continuously rising and the benefit of devaluation had been nullified over a period. The Survey also revealed that cash assistance should not be denied to any item merely because it is produced from indigenous raw materials. In fact all possible assistance should be given to such item and its case for cash assistance should be based on the normal criteria of variable costs.

6.16 The Survey is also of the view that as export pricing is closely related to cash assistance, the rates of cash assistance should be reviewed regularly. For this purpose, it is suggested that the Export Promotion Councils may prevail upon the export-oriented units, which are availing cash assistance and other benefits to furnish cost data on a regular basis. While maintaining the cost data for export-oriented units, separate calculations on variable costs for export production based on import replenishment and other materials would be necessary for the study of the trends in export pricing.

6.17 Import Replenishment Benefit. Through the import replenishment, manufacturer-exporter is able to obtain raw materials required for export production at international prices. Normally the rate of import replenishment is related to the import content and an export oriented unit is supposed to use the replenishment for export production and not sell it in the open market-even though it may fetch premium to him. In this way the

benefits of import replenishment are reflected in lower variable costs and export price. However, sale of import replenishment in the open market was reported in a number of cases during the Survey. In such cases although the manufacturer-exporter did enjoy a temporary profit, he was not able to continue production of goods for export at economic price. In the case of merchant exporter who has to nominate a manufacturer-exporter for import licence, he is reported to be receiving some commission from the nominee which serves as an additional remuneration for export. This remuneration helps him in quoting a lower f.o.b. price.

6.18 Sale on Deferred Payment Basis. In the case of sales on deferred payment, export pricing becomes more complicated as the rate of interest offered by the competitors is as low as 2.5% and the period of repayment as long as 12 years. In such cases, the differences between the rate of interest for export finance in India and the rate of interest offered to the buyer abroad has to be taken into consideration while determining the export price.

6.19 Duty Drawback, Railway Freight Concession and Other Incentives. Refund of customs and excise duties paid on raw materials used in export production and concession on railway freight serve to quote more competitive prices. The Survey revealed that due to delay in availing these concessions, the exporter was not inclined to take them into consideration while quoting export price and thus the part played by these concessions was overlooked. All this re-inforces the conclusion that enormous delays involved in availing export incentives not only discourage exports but even affect export pricing.

6.20 Port Charges. The Survey identified some items in the case of which port charges influenced export pricing to some extent, (Chapter 4). The Survey has recommended that while fixing port charges the export promotion aspect may also be borne in mind and in genuine cases where hardship is really felt, existing port charges may be reduced.

6.21 Freight Rates and Insurance. During the Survey, complaints regarding high insurance rates were reported in respect of certain ceramic and rubber products. However, high freight rates to certain destinations were reported to be a major hindrance to the export of a number of non-traditional items. Already cost of production of these items is high because of several factors and various types of incentives have been given so as to enable Indian exporters to quote competitive prices. Wherever the freight rates are high these have to be absorbed in the c.i.f. prices and as a consequence, f.o.b. quotation has to be lowered.

6.22 Minimum Export Price. In order to avoid inter-se competition floor prices (Minimum Export Prices) have been fixed for certain commodities being exported from India (e.g. shellac). In principle, even though the M.E.P. is meant for protection to the industry as a whole, it is observed that competitors try to exploit this factor by lowering their prices. M.E.P. fixation is normally advisable only in cases where there is monopolistic hold in the market and as such decisions regarding M.E.P. need to be taken carefully.

6.23 Training in Costing to Small Scale Units. During the Survey, products in which the small scale manufacturers could compete more effectively in foreign markets because of their low overhead costs were identified. Some of the units however lacked cost consciousness and were not even aware of systematic costing. An organisation like MSSIDC could perhaps conduct short term courses in costing for the benefit of the small scale sector in the State.

6.24 Need for Information System. The importance of market information for correct export pricing needs no emphasis. The kinds of information, an exporter needs, include ruling prices in foreign markets, principal suppliers, the distribution system, customs tariff, other taxes on the product in the foreign markets, quantitative restrictions if any, the shipping freight, insurance and other expenses incidental to exports. The Survey revealed that though such information is available in published journals, Export Promotion Councils, Commodity Boards, etc. there is a need for setting up an information system which will maintain the various types of data up-to-date and in readily acceptable form at one place and provide it to the exporter "across the counter". If an information system is set up in Bombay, it will cater not only to the needs of Maharashtra but the entire Western region. It is, recommended that the State Directorate of Industries may take steps for setting up such an Information System in Bombay.

7. TAXES AND LEVIES

During the Survey, it was indicated by almost all the manufacturers, exporters, chambers of commerce and trade, and industry associations that the levies of octroi and sales tax have been creating considerable hardships to the industry in the State. It was reported that these levies add considerably to the cost of production of various items produced in the State, thereby affecting the competitiveness of many items in overseas markets.

7.2 Being alive to the vexatious problems of octroi and sales tax, the State Board for Export Promotion appointed a Committee, consisting of leading industrialists and officials, towards the end of 1965, under the chairmanship of Shri S.K. Wankhede, Minister for Finance, to consider in detail the incidence of sales tax and octroi on exportable goods from the State. The Committee has since submitted an interim report, references to which are made in detail later. Because of the various complexities involved in these levies, the Committee has not yet been able to submit the final report.

7.3 Simultaneously with the setting up of the Committee, the State Board for Export Promotion and various Panels constituted by the Board have also been devoting considerable attention to the problems of octroi and sales tax in the State. As a result of these endeavours, the Bombay Municipal Corporation have agreed to exempt from the levy of octroi duty items which are imported into Bombay and retained within the municipal limits for some period until shipping space is available.

7.4 The problems regarding octroi, sales tax and other levies are discussed in detail in the following paragraphs.

Octroi

7.5 Octroi is the backbone of the urban local finance and the most important source of indirect taxation for Indian municipalities. Octroi is a "toll or tax levied at the gates of a city on articles brought in". The objective of octroi is always to raise revenue and it has no protective purpose.

7.6 The history of octroi is always that of a recurring contest between the Government of India and the Provincial Government; the former constantly pressing for its abolition, and the latter for steadily extending its operations. Octroi was levied as a Central Tax from 1808. It was abolished after Trevelyan's condemnatory report, from Bombay in 1844. It was revived in 1860 and was extended as a local source of revenue to almost all the states in the country. In 1916, the abolition of octroi was tried in Bombay and due to unsuccessful results, most of the municipalities returned to octroi by 1937.

7.7 Various Commissions appointed by the Government of India during the British regime and after independence recommended the elimination of octroi. The Local Finance Enquiry Committee (1950) and Taxation Enquiry Commission (1953-54) also recommended its abolition. For instance, the Taxation Enquiry Commission observed "octroi as a form of taxation is unsatisfactory and should be eliminated from the tax system gradually". In spite of these, it is not possible to replace octroi as it is the mainstay of revenue of the local bodies and it occupies the foremost place in their total revenue. The proceeds from the octroi are continuously growing. The main arguments against the levy of octroi are that it creates hindrances in the way of free flow of trade and commerce, the cost of

collection is heavy, and the system and administration leads itself to practices which are vexatious, corrupt and demoralising.

7.8 The local bodies at various levels in Maharashtra, viz., Municipal Corporations, Municipalities, Zilla Parishads and Village Panchayats are competent to levy octroi under the respective enactments governing them since 1964-65. Octroi is the most important single source of revenue for the four Municipal Corporations in the State, viz., Bombay, Poona, Nagpur and Sholapur. In the tax structure of the Municipalities also, octroi occupies an important position and has proved to be an expanding source of revenue for them. Out of 220 Municipalities in the State, 176 are levying octroi. The Zilla Parishad at Retnagiri is the only one out of 25 Zilla Parishads in the State, levying octroi. As regards Village Panchayats, a very small number of them, i.e. 111 out of 20287 are levying octroi. The total income, at present, from octroi in respect of all Municipal Corporations, Municipalities, Zilla Parishads and Village Panchayats in the State is of the order of Rs 30 crores per annum, of which the income from octroi of Bombay Municipal Corporation amounts to about Rs 12 crores.

7.9 Octroi is applicable to innumerable items covering raw materials, essential components, machinery and parts required by industries. A list indicating articles on which octroi is levied by Municipal Corporation of Greater Bombay is at Annexure 7a. There is a provision in the Octroi Rules for refund of the duty. Refund is permissible on the condition that the articles exported have not, since their import, changed their original form, condition, state of appearance by any

process of manufacture or otherwise except as specifically provided for in these rules. It is also subject to the condition that the goods must be exported by the same person who imported them into Bombay. The refund in the case of exports is limited to $93\frac{3}{4}$ per cent of the amount of octroi duty, the balance being retained by the Corporation as service charges.

7.10 During the Survey, it was indicated that the levy of octroi causes considerable hardship to the exporters from the State. The difficulties mentioned, in this connection, are indicated below:

- 1) As the refund in the case of exports is limited to $93\frac{3}{4}$ per cent of the amount of octroi duty, the export trade is handicapped by the retention of $6\frac{1}{4}$ per cent as service charges by Bombay Municipal Corporation.
- 2) The conditions of refund are so impracticable and the formalities so rigid that a number of articles will have to do without the benefit of the refund for the sheer inability to conform to the conditions attached to the eligibility for refund. Some of these conditions are:
 - a) The goods after having been imported into the city should be exported within a period of six months.
 - b) They should be sent out in the same form in which they were imported.
 - c) If changes in packing are to be made and they have to be made very often to meet the requirements of the buyers abroad, the same would have to be done under permission and direction of the Municipal Authorities, for which service charges will have to be incurred.
 - d) The condition that in order to be eligible for refund the goods must be exported by the same person who imported them into the city is untenable. This condition places the class of dealers known as Commission Agents in an unenviable position. Again, very often, the merchant who exports a commodity is not the same person who arranges for its imports.

- 3) There is no provision in the Rules for refund of the octroi duty which is levied on raw materials, components and parts which enter into the manufacture of the finished articles entering the export trade. Even in regard to goods, which are processed or blended, a refund of the octroi duty is practically impossible. The levy of octroi on raw materials, machinery and components increases the cost of production.
- 4) In view of the difficulties encountered in getting refund of octroi and also due to the levy of octroi on raw materials, machinery and components, which is not refunded, octroi, in effect, becomes an additional tax crippling the competitive capacity of many export products from the State.
- 5) There are many instances where octroi duty has to be paid twice or thrice before the finished product is ultimately exported. One such instance is that of steel strips which are required to be cut into strips outside Bombay and then brought back to Bombay for use in the manufacturing process.

7.11 In regard to refund of octroi on finished goods, which are exported, the Survey is of the view that the refund should be full and not to the extent of 93½ per cent, as is the practice now. During the Survey, it was understood that the quantum of service charges retained by Bombay Municipal Corporation amounted to Rs 13.4 lakhs ss against gross collection of Rs 11.6 crores during 1968-69. As the amount involved is not significant, the Municipal Corporation may find out alternate ways and means to recoup this loss from other sources. Thus, there will not be any incidence of octroi on finished goods meant for exports. The interim report of the Wankhede Committee has also suggested to this effect. The recommendations, in this connection are indicated below:

"All commodities which are imported into the limits of Greater Bombay and subsequently exported to foreign countries either immediately or after storage in the city for a reasonable period should be completely exempted from the levy of octroi duty subject to compliance with the following minimum procedural formalities to prevent misuse of the exemption granted;

- a) the intending exporter should make suitable declaration in the form to be prescribed by the Corporation showing therein particulars of the articles imported for export to foreign countries, at the time and place of import.
- b) the Corporation should arrange to register such forms at the place of import. Registration fee for this purpose should not exceed Rs 10/- per form.
- c) this declaration form should be accompanied by copy of the invoice as well as a copy of the shipping bill.
- d) the consignment to be exported should be clearly marked as intended for export out of the country.
- e) at the place of export, the exporters should present the consignment for municipal inspection and take suitable endorsement of municipal export inspector.
- f) within 10 days of exportation of the articles, the exporter should forward to the Corporation the relevant copy of the bill of lading as proof that the goods have been exported.
- g) the consignment of import should not undergo change in form, appearance and condition so as to lose its identity. If the consignment was to be re-packed, the exporter should produce sufficient proof to satisfy octroi authorities that the whole of the imported consignment has been exported"

7.12 It is understood that Bombay Municipal Corporation has recently streamlined the procedure for refunds. Further, if the recommendation of Wankhede Committee that the outright

exemption of octroi duty on all articles imported and then exported immediately or at a later date is finally accepted by Bombay Municipal Corporation, it will automatically eliminate the present refund procedure, and the attendant procedural complications, delays, etc.

7.13 In regard to the octroi duty on raw materials, machinery and components, which are imported into Bombay and which go into the processing or manufacture of finished product, the finished product being eventually exported to foreign country, the observations of the interim report of the Wankhede Committee are as under:

- a) "there is a prima-facie case for grant of rebate.
- b) in the event a rebate is granted, the loss of revenue on that account to the Bombay Municipal Corporation would be very substantial and will have to be compensated for through an alternative source of revenue.
- c) it is extremely difficult to assess the exact incidence of octroi duty on the exportable finished product on account of the various raw materials which go into its manufacture and the quantum of rebate to be given in each case, which will vary from commodity to commodity."

7.14 Even though the Wankhede Committee has recommended that an effort should be made if necessary with the assistance of a Cost Accounting Agency to work out the actual incidence of octroi duty on finished or processed products due to raw materials, etc. which go into their manufacture, the Survey is of the view that such an exercise may not be possible in view of the innumerable difficulties in calculating the tax element in the cost structure of manufactured or processed goods. The Survey is of the opinion that refund of octroi on raw materials, machinery and components, etc. should be on an ad-hoc and rule of thumb basis.

7.15 During the Survey, it was understood that the State Government has under consideration a proposal to replace the octroi duty in the entire State by an alternative and simple levy in the form of surcharge on sales tax on the total turnover to cover the losses due to abolition of octroi duty. The revenue collected through this surcharge will be given to the Municipal Corporations/Municipalities/Gram Panchayats, etc. by way of compensation for their losses, et Briefly, the salient features of the scheme are as under:

- a) The surcharge will be levied only on the commodities at present covered under Bombay Sales Tax Act, 1959.
- b) Exports of the declared goods and the commodities subject to excise duty in lieu of sales tax will be exempted.
- c) Tax will be levied at a single point.
- d) An amount of 5% of the entire collections of the tax will be retained by the Government as service charges.
- e) Local bodies will be guaranteed their level of gross collections from octroi for the year 1966-6
- f) Municipal corporations will receive their shares of the tax directly.

7.16 The main contention of the Municipal Authorities is that whatever be the alternative source of revenue in place of octroi duty, it should be sufficiently elastic and also expanding, so that the finances of local bodies will not be affected. Realising the gravity of the situation, the Survey feels that the problem will have to be examined in its entirety before coming to any solution.

Sales Tax

7.17 According to the Constitution of India, the power to levy taxes on the sale or purchase of goods, other than newspapers, has been vested in the states provided such sales and purchases do not take place in course of inter-state trade or commerce. In the case of the latter, the power to levy tax vests with the Union Government. As a result of this distribution of power, sales of goods in all states are governed by two sets of laws. On the one hand, there is a local Sales Tax Law which is applicable to the local dealings and on the other, there is the Central Sales Tax Law, introduced under provision of the Central Sales Tax 1956, which applies to sales in course of inter-state trade.

7.18 The Bombay Sales Tax Act, 1959, which has been adopted by Maharashtra State on bifurcation of the erstwhile Bombay State, provides for a schedule of tax-free goods, the levy of tax at the single point at the first stage of sale by the producer or importer in the State on a bulk of items imported in the State or produced in medium or large scale industries. On a few commodities, there is a single point tax at the penultimate stage of sales by the wholesaler or semi-wholesaler to the retailer. On a few scheduled items and on all residuary items, there is a two-point tax which is levied at the stage of the first sale and then at the stage of the penultimate sale. In addition, in respect of these items, the retailer pays a retail turnover tax at the rate of $\frac{1}{2}$ per cent.

7.19 There are provisions for registration of the dealers as also authorisation of dealers engaged in exports in Maharashtra. Sales to such authorised dealers are exempt from the tax on the certificate that the goods purchased

against such certificates are exported outside the State within a period of nine months, either by themselves or by another dealer to whom they have sold them.

7.20 During the Survey, it was indicated that sales tax on raw materials, fuel, lubricants, machinery and other goods used in the manufacture or processing of goods eventually exported, increases considerably the export prices of various finished goods. It was argued that the incidence of sales tax on raw materials makes our products uncompetitive in foreign markets.

7.21 In regard to sales tax on finished goods exported to foreign countries, the Survey agrees with the interim Report of the Wankhede Committee that the provision already existing in the Maharashtra Sales Tax, viz, exemption on two sales prior to the sale in the course of export is adequate and no further relief in this respect is necessary. In fact, the Saraiya Committee has recommended this system for adoption by other states, as well.

7.22 Regarding incidence of sales tax borne on raw materials, components, etc. used in the manufacture, the Wankhede Committee is in full agreement with the Saraiya Committee, viz, ⁷ grant of refund/rebate on readily ascertainable basis in the same proportion as the value/quantity of goods produced to those exported. The Wankhede Committee has further recommended that the refund/rebate should be granted by the Central Government in the shape of proportionate reduction in the Central Excise Duty so that the State Government will not have to incur losses. With regard to the incidence of Central Sales Tax on sales prior to the sale in the course of export and also the incidence of Central Sales Tax entering into the cost of production of manufactured or processed goods

which enter into the export trade, the Wankhede Committee has fully concurred with the recommendations of the Saraiya Committee. The relevant recommendations, in this connection, are indicated below:

1) With regard to Central Sales Tax in respect of goods originating in a State other than the State from which they are exported, the Committee recommends grant of rebate on sales tax to the selling dealers in the originating State by the authorities of the State. These dealers should be enabled to make the adjustment in their return without being called upon to pay the tax initially. They would have to furnish proof of actual export in support of the rebate during assessment.

2) The concession by way of the exemption or rebate as recommended, should be available in respect of sales to registered exporters. The Committee recommends the enlistment of registered exporters under statutory regulation by the Central Government. In respect of sales to exporters not on the registered list, if exemption/rebate is not given, refund of tax actually paid may be allowed on proof of exports.

3) Administratively the grant of refund of Central Sales Tax paid on raw materials, components, etc., entering into manufactured goods on a similar basis as that recommended for local sales tax may be somewhat unworkable. For relief from this burden and the burden of imponderable or incalculable elements, the Committee recommends an ad-hoc relief at the rate of 1 per cent of the f.o.b. value in the case of manufactured and processed goods. For the imponderable and incalculable elements entering into the prices of other goods, an ad-hoc relief at half a per cent of the f.o.b. value of the goods exported is recommended. The ad-hoc relief should be paid by the Central Government.

4) The Centre should give adequate compensation to states which may suffer a not insignificant loss of revenue as a result of the implementation of the Committee's recommendations, to ensure that their commitments for development are not adversely affected.

7.23 During the Survey, it was reported about the unduly long time taken for a decision on the implementation of the recommendations of Saraiya Committee, by the Government of India. It was pointed out that once these recommendations are accepted, this would mitigate lot of hardships on the part of the exporters in the State. As it is about six years, since the Saraiya Committee submitted its report, it is suggested that the Government of India may take an early decision to accept these recommendations.

7.24 Among the items surveyed, it was reported during the Survey that there is a Central Sales Tax of 3 per cent on crushed bones. It was indicated that as this item is meant exclusively for exports, there should not be any levy of Central Sales Tax on this item. The Survey agrees with the contention of the industry and recommends the exemption of the item from the payment of Central Sales Tax. In fact, Saraiya Committee has also recommended to this effect. It observes : "where eighty per cent or more of the indigenous production is exported, and the loss of revenue would not be significant, the states should exempt them from the payment of sales tax altogether".

Other Levies

7.25 During the Survey, instances were brought to the notice regarding the levy of cess in respect of certain items. For instance, it was reported that there is a rubber cess

of 30 paise per litre on latex, used in the manufacture of surgical and medical rubber products. Similarly, there is an handloom cess of 1.9 paise per sq. metre in respect of items manufactured from mill-made cotton fabrics under 191-B of the Central Excise Rules. More details about the problems in regard to these cesses are indicated in the relevant commodity chapters. It was reported that these levies add to the cost of production. It is suggested that these cesses should not be applicable for export production.

8. QUALITY CONTROL AND PRESHIPMENT INSPECTION

Quality is the invisible ingredient of a product that commands consumer loyalty. The key to successful expansion of our exports lies in our ability to guarantee the overseas buyers that their requirements have been faithfully complied with in our products. In the present day highly sensitive and affluent markets of the world, only products comparable in quality to those from technologically advanced countries would be able to find a place.

8.2 In order to eliminate complaints from overseas buyers about the quality of goods exported from India and their packing, to maintain enduring trade connections and also to popularise Indian goods in foreign markets, Government of India set up an ad-hoc Committee to examine the question of imposing quality control on various goods exported from India. On the basis of the recommendations of the Committee the legislation entitled Export (Quality Control and Inspection) Act, 1963 was enacted and came into force from 1st January, 1964. This Act seeks to provide for the sound development of our export trade through quality control and preshipment inspection. It empowers the Government of India to notify commodities which shall be subject to compulsory quality control and preshipment inspection and also specify the type of quality control and inspection. No consignment of a commodity so notified can be exported unless it is accompanied by a certificate issued by recognised inspection agency. The Export Inspection Council has been established under the

Act to enforce quality control and inspection. Under the Act certain agencies for performing these functions have been recognised. A list of surveyed items subject to compulsory quality control and pre-shipment inspection along with inspection agencies is at Annexure 8a.

The Survey

8.3 The inception of quality control has greatly benefited the export trade as is evident from the decline in the number of complaints and rise in the volume as well as the unit price. Apart from the above benefits, the quality control and pre-shipment inspection movement has given a presentable image of the Indian goods in the overseas markets, thus creating a confidence in their quality. However certain basic needs of pre-shipment inspection and suggestions for inspection of particular products emanating from the Survey are discussed below.

Basic Needs for Pre-Shipment Inspection Agencies

8.4 Basis of Inspection. In almost all the products where pre-shipment inspection has been introduced, care has been taken to accept the buyers requirements wherever known as the basis of inspection except in cases where safety or health hazards are involved. In the case of the latter, certain minimum specifications are also prescribed. This is specially so in case of food products and marine products. These commodities present special problems and the inspection only at the stage of despatch is not likely to serve any useful purpose. For such commodities in process quality control seems to be the only logical solution. In fact, U.S.A. is considering passing a bill to arrange the inspection of the factories by their own personnel. In many

cases where the buyers requirements are known through an approved sample, inspection is done on the basis of that sample. This method is found extremely useful except that at times, due to personal factor involved during inspection, emphasis shifts while evaluating a product and hence there is a chance that the required consistency in the product quality might not be maintained. In this approach an attempt should be made to make available a sort of value analysis to the staff who are responsible for drawing up the inspection procedure. This analysis should be provided to both the manufacturers as well as the field staff of the inspection agencies.

8.5 Facilities for Inspection. As regards inspection the Survey revealed that the Export Inspection Council has been able to maintain rigid standard of performance for the agencies under its fold. The export inspection agencies in Maharashtra have good testing facilities available to ensure proper testing of the commodities before they are allowed to be exported. However, the Survey revealed that due to the diverse nature of the products to be exported and the low returns the agency gets for the pre-shipment inspection, the agencies are facing difficulties in organising themselves. The qualified personnel required to inspect the diverse commodities itself is so diverse that it becomes difficult for an agency to have inspectors trained in different disciplines. In many cases, the volume of such export items is so small that such a proposition becomes quite uneconomical. It has been revealed that some of the agencies have found it better to refrain from offering their facilities for inspection.

8.6 Apart from the above aspect it is quite likely that due to reasons of economy the personnel appointed by an agency would not be properly paid and this in turn could give rise to certain malpractices.

8.7 Quite a few agencies were reported to be not satisfied with the returns for carrying out the inspection. It was stated that the rates which are approved by Inspection Council for such inspection are rather low and these need to be reviewed keeping in mind the rigidity of the controls desired.

8.8 Procedures. In case of inspection personnel also some special training in fields like statistical quality control, methods of sampling, etc. should be introduced on a compulsory basis. This becomes very important in cases where the inspector has to choose a sample. In case of commodities like chappals or utensils, it is obvious that a sampling plan to suit the particular conditions as prevailing at manufacturers' works should be evolved. Unless this is done, the sample chosen for inspection may not be a truly representative sample, and consequently the inspection would prove to be ineffective.

8.9 It is also found that the inspection often becomes only factual and does not help the exporter in eliminating the flaws with the help of the inspectors. The inspecting personnel must be able to suggest the ways and means of preventing the flaws from creeping in. This would mean increasing the work of inspectors initially but as the standards are established, pre-shipment inspection would become more and more simple. This is specially true in the case of small scale units. They must be made to realise and

the manufacturers have to instal an internal in-process quality control system. In fact, the exporters in large scale sector have these facilities in their plants. owing to the absence of testing facilities the smaller manufacturers find it difficult to adopt such procedures and hence in many cases they are not allowed to export.

8.13 The levels of compulsory in process quality controls, to be exercised have been notified for export of sewing machines, electric fans, diesel engines, power driven pumps, bicycles and bicycle ancillaries and automobile ancillaries. An expert panel has been appointed by the Export Inspection Council to assess the adequacy or otherwise of the in-process quality control measures in the manufacturing units of each of the above items and only those units which have been approved by the panel are allowed to export. After such approval, officers of the Export Inspection Council and agencies visit these units frequently to confirm that the units continue to exercise prescribed in-process quality control.

Suggestions for Some Surveyed Items

8.14 Processed Fruits and Vegetables. The Fruit Products Order, 1955 lays down minimum standards in respect of the quality of the products, hygiene and sanitary conditions of the factory, its surroundings and personnel and machinery and equipment, use of permitted preservatives and colours and presence of certain heavy metals in the products. The Indian Standards Institution has also formulated certain minimum standards for many of these products. The Survey revealed that unhealthy competition has entered the export trade by use of different degrees of concentration in pulps

and juices. Laying down of only minimum standards is not enough and fixing up grade specifications for exports is necessary. Once such grade specifications are laid down, pre-shipment inspection and quality control would be easy. It is understood that the question of bringing the products falling under the F.P.O. for pre-shipment inspection is under consideration by the Ministry of Foreign Trade.

8.15 Kolharuri Chappals. A destruction test which is carried out as a part of the scheme of export inspection on a pre-determined number of pairs of chappals out of the total consignment has not found favour particularly as it involves a complete loss of chappals to the exporter. The exporters have suggested that inspection should be carried out in such a way that it will meet all the requirements of export inspection and still enable the exporters to sell these chappals in the domestic market with minor repairs.

8.16 Surgical Rubber Products. Surgical gloves, hot water bottles and ice bags are included in the pre-shipment inspection and quality control scheme. Inspection fee is charged at the rate of 25 paise for every one hundred rupees of f.o.b. value subject to a minimum fee of Rs 25/- per consignment. Small scale exporters have considered this fee as high and have suggested that the fee may be substantially reduced for exports upto an amount of Rs 10,000.

8.17 Electrical Accessories and Appliances. The Survey revealed the need for exporting electrical accessories and appliances under a few brand names and introduction of quality control and pre-shipment inspection for exports.

9. MANAGERIAL SET UP FOR EXPORT PROMOTION

Exports of non-traditional items from India commenced in a significant way from the Third Plan period. Till the fifties India was 'selling' traditional items like Tea, Jute etc for a number of years and the products were, by and large, enjoying 'Seller's Market'. Now even a few of the traditional items are gradually losing the privileges of seller's market. The non-traditional items have to be "marketed" essentially in the "Buyer's Market".

9.2 As against 'selling' a product - in which case the buyer does not have many choices so far as the supplier is concerned - the 'marketing' of a product is a difficult task. Marketing is a wider activity than mere selling. Marketing has to take care of competitors' activities in respect of delivery, design and finish of the product, terms of business, packing, after sales service etc. A Marketing Manager thus has to co-ordinate the activities of Sales Manager, Publicity Manager, Commercial Manager etc. etc.

9.3 Marketing of a product in the country is much easier than marketing of it abroad. In the domestic marketing, the manager is fully aware of the socio-economic, techno-economic background of his country. Moreover, a continuous watch on the competitors' activities through market research, etc. is easier. On the contrary, in the export marketing, unless the unit has its own office in the foreign country - which is possible only after gaining sufficient export business in that country there are many limitations. Besides this, the extent of competition is very wide and the product has to face competition from the

developed countries which are technologically much ahead of India. The marketing of India's products abroad, is thus comparatively difficult.

9.4 In the initial stages, export marketing for any product is usually done by adopting any one or combination of following channels or systems:

- i) Through merchant-exporters.
- ii) Visiting Countries abroad and securing orders.
- iii) Dealing through dealers or importers in foreign countries.
- iv) Filling in the tenders.
- v) Through recognised export houses,
- vi) Through agencies like STC, Maharashtra Small Scale Industries Development Corporation, etc.
- vii) Indirect exports by way of supplies to original equipment manufacturers who export their end product.

In most cases, the manufacturer does not know the end-user of his product and the marketing becomes less effective. In the initial stages contacts with the end-users in the foreign markets becomes a difficult task because of the paucity of foreign exchange for developing own channels, uncertainty of business in pre-stabilising stage, unawareness of the trends in the markets and the lack of skill in the export marketing. As the export performance of a unit goes on improving, a need for establishing or strengthening the cell for export marketing is felt more and more.

9.5 During the survey it was observed that a well developed export marketing division with offices abroad have been set up only in a very few units. These are large scale units and have a level of turnover of Rs 1 crore per annum in export marketing. Majority of the units having export turnover of Rs 50 lakhs to Rs 1 crore were gradually strengthening the export marketing cell. The units having export turnover in the range of Rs 1 lakh to Rs 50 lakhs had export cell merged in the domestic marketing cell while remaining exporters were exporting as and when they got the opportunity. No effective marketing as such was being done by such units. Thus, the managerial set up was closely linked up with the export turnover.

9.6 In case of large scale units having a full fledged export marketing division, it was observed that they have opened offices in a few regions abroad where they have either good existing or potential markets. The offices abroad are not only helping securing the orders but were developing the image of the product, by effective publicity and after/sales service. These offices were closely watching the competitors' activities and feeding the company with the commercial intelligence. In their central offices in India, there are managers looking after different aspects of export marketing and are assisted by supervisory and clerical staff looking after business in different countries. These large scale units are dealing through distributors, dealers, importers abroad and the activities of dealers, etc. in different countries were being co-ordinated by either the area managers abroad or by one or two managers in the Central Office.

9.7 In case of units having export turnover of Rs 50 lakhs to Rs 1 crore, it was generally observed that they are mostly dealing through agents abroad and were either preparing for or had already opened one or two offices abroad. Such units have semi-developed export marketing division. The representatives from the company are frequently visiting the markets abroad and helping the dealers, importers and simultaneously studying the competitors' activities. Except the intensity of marketing activities, there was not much difference between the set up of the units having export turnover of Rs 50 lakhs to Rs 1 crore and units having export turnover in the range of Rs 1 lakh to Rs 50 lakhs.

9.8 In the case units with export turnover less than Rs 1 lakh there is no separate managerial set up existing for export marketing. The work of correspondence with the agents, importers abroad, or with the organisation like STC, MSSIDC, or with the merchant exporters etc. is assigned to one of the responsible managers, who in many cases, is also looking after other domestic marketing transactions.

9.9 In the case of exports through consortium, Export Houses, or MSSIDC, STC, etc. the marketing activities were less for the individual units as common facilities in respect of managerial talents were available to them.

9.10 As the pre-requisites for export management are different than those required for domestic marketing, it is necessary that a long term decision has to be taken before developing the export marketing cell. Even though managerial set up and export turnover are co-related, it may be mentioned that these are more inter-linked in the sense that for increase in the turnover also,

effective management is essential. The type of managerial set up for export promotion which may be desirable for different levels of export turnover has been indicated in charts given at Annexures 9a and 9b.

9.11 The managerial set up for export marketing has to take care of following entirely different set of activities in the marketing.

- i) Collection of basic data of the different countries for background information.
- ii) To know the import policies and import regulations of various countries.
- iii) To study the trade agreements of various countries
- iv) To study the political situation in various countries.
- v) To study the marketing practices.
- vi) To study the banking facilities abroad, credit worthiness of the parties abroad etc.
- vii) To study various documents concerned with shipping, Reserve Bank of India, customs etc.
- viii) Import and export policies in India.
- ix) Study of export assistance measures for export and determination of export pricing on the basis of prices prevailing abroad, cost of production - separately for marginal costs and overhead costs - Freight rates for different countries etc.
- x) Study of the cultural background, local languages, social background in various countries.

9.12 In view of the wide range of activities involved, it is essential that the staff involved in export marketing has to be oriented properly. The Survey revealed that in majority of the cases the set up was developed on the basis of experience gained by the unit. Specialised training facilities in export marketing were being availed of by few units. The consciousness regarding acquiring the specialized techniques for more and more effective marketing is however on the increase. It was suggested during the survey that the State Government should arrange training courses on export marketing in the state as a regular programme with the help of the institutions like the IIFT, SISI, leading commercial banks, etc. The managerial talent which is well developed in the large scale sector particularly in this state could be pooled for this purpose. The assistance could be sought from the concerned organisations like Shipping Corporation of India, Freight Investigation Bureau, Reserve Bank of India, State Trading Corporation, STC, Ministry of Foreign Trade, etc. for practical training in the document processing.

9.13 . The development of managerial set up for export marketing is a long term process and involves experience and skill. The location of Bombay city as a port has provided natural advantages to the State in the sense that sufficient talent is already existing in the State and with this sound base, it should be comparatively easier for the State Government as well as for Central Government to develop it further. This development would play an important role in achieving the export targets.

10. EXPORT HOUSES

Export marketing is a complex activity dependent on various factors like price, quality, distribution, packaging etc. A good network of effective selling organisation plays an important role in the success of the export effort of a country. Actual exporting of goods may be done by the manufacturer himself or by merchant exporter depending upon the nature of the product, location of the manufacturing unit, experience of the producer in export business, etc. Export House is considered to be a specialised agency organised for the promotion of exports.

Export Houses in India

10.2 In India, the question of facilitating the development of export houses was first mooted in 1958. It was considered that recognition of leading exporters (manufacturer-exporters or merchant-exporters) as export houses would go a long way in promoting exports, particularly of non-traditional commodities from the country. A scheme of establishing export houses was formulated in September, 1960, when it was decided to recognize a limited number of export houses. However, rigid conditions were prescribed by their registration such as no individual share holder should hold more than 10 per cent of the share capital and a minimum of 50 per cent of the net profits should be set aside as reserve for trade development, the Government should have the right to nominate a Director of the Company, it is obligatory on the part of the export house to appoint auditors in consultation with the Central Government, etc. It was expected of the export house to maintain high standards of performance of export

contracts and to make special efforts to promote exports of more difficult-to-sell goods to non-traditional markets. In return, it was decided that any proposal made by the export house for achieving substantial export performance in difficult-to-sell commodities would be considered on merits.

10.3 Because of the rigid conditions set for recognition, for a considerable time only 3 export houses could gain recognition. It was then felt that, instead of adopting a rigid approach to the question of recognition of export houses, it would be better to prescribe certain minimum conditions and recognise an adequate number of export houses which fulfilled those minimum conditions. The Government of India therefore, revised the scheme in September 1962 under which simpler conditions for recognition of Export Houses were laid down, viz, the Export House

- (a) should be a company registered under the Companies Act*
- (b) should be dealing in a wide range of commodities particularly for export
- (c) should have substantial standing and experience in export business and
- (d) should have an export programme and set high standards in its business transactions.

10.4 As a result of liberalisation of rules, there was a spurt in the recognition of export houses and between September 1962 and June 1965, 60 export houses were recognised. Besides those, which gained recognition on the basis of past export performance, the Government extended recognition, also to (a) consortium of exporters of a single commodity (b) export houses set up by Export Promotion Councils and (c) export houses set up to organise exports of products of

* Subsequently Co-operative Societies were also made eligible for recognition.

the small scale sector located in any one State or region.

10.5 Though the principal objective of encouraging the formation of export houses was to promote exports of non-traditional commodities and to non traditional markets, actual performance of export houses upto 1965 showed that barring certain exceptions, these were largely exporting traditional commodities and to traditional markets. This led the Selectivity Committee set up by the Government in 1963 to observe that the scheme of export houses had not succeeded in building up a specialised cadre of exporting concerns. The Committee suggested various measures to strengthen export houses such as recognising only those business houses which exported a substantial portion of their production or turnover, limiting recognition to business houses with competence, credit worthiness and resources, developing specialisation in export houses by according recognition to them with reference to particular group of commodities, limiting recognition to a specified period in the first instance and making renewal dependent on good performance and continuing the concessions already announced.

10.6 Based on these recommendations the Government of India revised the scheme of recognition of export houses. Recognition was given generally to those export houses which had an export performance of Rs 10 lakhs per annum. Subsequently in 1968, a Working Group set up by the Government reviewed the whole scheme and suggested that stricter standards should be laid down for recognition, liberal facilities should be extended to export houses so recognised and recognition should be withdrawn from

export houses not coming up to the revised standards. Accordingly in March 1968 the Government revised upwards the minimum limit of the export houses to Rs 25 lakhs per annum in the case of exports of non-traditional products and to Rs 2 crores per annum in the case of exports of traditional products. Recognition was to be given in the first instance, for a period of three years and renewal was to be for further periods of three years depending upon the export house's performance and its continued compliance with the conditions. There was provision for withdrawal of recognition also. The recognised export house was expected to maintain high standards in the performance of export contracts and it was also expected to draw up detailed schemes of export promotion in consultation with the Government, besides submitting quarterly and annual returns of exports.

10.7. In March 1969, the Government announced a scheme of grant of advance import licences to export houses to enable them to build up stocks of essential raw materials to meet the requirements of manufacturer exporters "off-the-shelf". This scheme was expected to be of great utility to small scale industrialists. The grant of advance import licence was to be related to the export performance of the export house in the previous year, particularly in non-traditional commodities.

Facilities Offered to Export Houses

10.8 At present export houses in India are eligible for the following facilities:

- i) blanket releases of foreign exchange for business travels, market studies, advertising, participation in exhibitions, trade fairs and trade centres and securing samples and technical information from abroad;

- ii) grant-in-aid under the Code of Grants-in-Aid for new product development, exploration of markets, overseas market surveys, export publicity, participation in overseas exhibitions, advertisement overseas, display of exhibits abroad and setting up a foreign office or a ware-house abroad for after sales service;
- iii) direct communication from Government of India's Trade Representatives abroad and from various Government agencies and departments regarding overseas market opportunities;
- iv) preference for export house personnel for places in training programmes in India and abroad and in trade delegations going abroad;

Export Houses in Maharashtra

10.9 There are, as on September 1969, 76 export houses in the country, of which 26 are in Maharashtra. The total export effected by export houses in 1968-69 was of the order of Rs 243.4 crores of which Maharashtra accounted for Rs 43.4 crores, i.e. 17.8 per cent. Details of exports effected over a period are not available for all export houses in the State but available data indicate that exports by export houses in the State increased by more than 60 per cent between 1966-67 and 1968-69.

10.10 Based on the service rendered, the export houses in the State may be divided into the following categories;

	<u>Number</u>
1. Export houses exporting mostly or only their products or those of sister units under the same management	20
2. Export houses exporting mostly products manufactured by third parties	1

	<u>Number</u>
3. Merchant export houses	3
4. Export houses mainly serving small scale units	2
Total	<u>26</u>

10.11 Commodities Exported. The commodities exported by the export houses in the State include a wide range of items namely, onions, cashew kernels, handicrafts, handloom fabrics, textile yarn, cotton, silk and woollen textiles, readymade garments, embroidered fabrics, vegetable oils and oilcakes, paints & varnishes, processed foods, soaps, detergents, toiletries, sanitary fittings, cocoa products, leather, rubber & plastic goods and engineering goods like bicycles, steel furniture, steel pipes, small tools and hand tools, electric appliances, diesel engines, air conditioning, refrigeration and mining equipment, road rollers, trucks, passenger elevators, etc. Among these, readymade garments and engineering items were the most important. Market-wise, the export houses covered countries in South East Asia, the U.K., the USA, Canada and Africa. East Europe is also covered to some extent. There is very little exports to Japan and West Europe and practically nil to South America.

10.12 Export Turnover. The volume of export business transacted by the export houses in the State is given below:

<u>Volume of Export Business in 1968</u>	<u>No. of Export Houses</u>
Over Rs 5 crores	2
Rs 1 crore to Rs 5 crores	10
Rs 50 lakhs to Rs 1 crore	6
Rs 25 lakhs to Rs 50 lakhs	7
Less than Rs 25 lakhs	1
Total	<u>26</u>

10.13 The Survey revealed that out of the 26 export houses in the State, turnover of 12 export houses was more than Rs 1 crore per annum each and mostly consisted of readymade garments and engineering goods. This means that export turnover of other items was relatively small. Also, in the matter of markets, none had tapped South America and only little headway had been made in the markets of West Europe and Japan.

10.14 Those export houses in the State which are functioning as merchant export houses mostly undertake exports on behalf of manufacturers generally on commission basis; i.e., after getting orders from the buyers, they undertake exports on their own or ask the manufacturers to ship the goods according to instructions and charge commission on the deal. Whenever they purchase the goods from the manufacturers they do so only after receiving firm export orders; never do they purchase goods from manufacturers in anticipation of export orders.

10.15 The Survey revealed that assistance given by the export houses in the State to the manufacturers is limited to supply of market information and booking of orders. As already mentioned, actual shipment is done by manufacturer himself or by the export house. Publicity abroad on behalf of the manufacturers is not undertaken by export houses mainly due to the low margin of profit on exports. Only one export house in the State supplies raw materials, production finance and machinery on hire-purchase terms to small scale manufacturers as part of its overall activities of assistance for the small scale sector in the State. This Export house also participated in the equity capital

of a few firms but not necessarily for export promotion. Of the 26 export houses in the State, only 4 are equipped with the necessary personnel to supply technical assistance to the manufacturers. The export houses generally pass on the export incentives to the concerned manufacturers and ask them to claim them but there have been cases when the export houses engaged in outright purchase of goods made adjustment in prices and nominated their own parties to claim the incentives.

10.16 The essence of an export house is to provide an economic overhead service to a number of small units which would find it difficult and costly to undertake exports on their own. Export houses in India and Maharashtra have a long way to go to reach this goal. In Japan export houses, on account of their size, are able to render all types of conceivable assistance to the manufacturers in the field of exporting. As against this, the export houses in India (including Maharashtra) operate on low volume of business and, with the exception of one or two, do not render any such service to the manufacturers. Even the one or two export houses in Maharashtra which have recorded sizeable export turnover are exporting mostly products of their own concerns. While it may not be desirable to stop such export houses from exporting goods of their own concerns it may be necessary to evolve methods by which such of those export houses which are currently exporting mostly products of their own concerns are made to export products, at least similar ones, of those concerns which lack the wherewithal to undertake exports on their own. While undertaking another review of export houses the Government may like to add a stipulation that an export house should export products of third parties upto a minimum value.

10.17 In the interest of efficient functioning of export houses, it may be necessary to simplify and rationalise certain procedures, some of which are mentioned below:

i) For claiming export assistance the export house is obliged to register itself with the concerned Export Promotion Council. Under this rule an export house dealing in diverse commodities has perforce to register itself with all the concerned Export Promotion Councils and pay registration fee to them. In order to reduce the burden of this fee on such export houses the Government may relax the rules of registration. Such export houses may be asked to register themselves only with a few Export Promotion Councils depending upon the commodities exported.

ii) Under the present system, the manufacturer whose goods have been exported by an export house has to apply for claiming the incentives at a place at which the export house is situated. A manufacturer who is situated away from this place finds difficulties in complying with this rule. Secondly even when the export documents are in the name of the export house the manufacturer is required to register himself with the concerned export promotion council for claiming the incentives. It may be necessary to streamline these matters if manufacturers are to be encouraged to utilise the services of the export houses.

iii) Export houses have to apply for cash assistance and import licences only once in a quarter and the applications have to be a consolidated one covering claims of different manufacturers. Under such circumstances, if the filing of applications is delayed, it may be necessary to

in completing the documents relating to exports of even one product/manufacturer, all the other manufacturers stand to lose. It is learnt that manufacturer-exporters have to apply for cash assistance and import licence once in a month. Since export houses are to be encouraged to export diverse products coming from different regions, they may be permitted to apply for cash assistance and import licence once in a month and also to split up their applications manufacturer wise.

10.18 Recognition of Export Houses. At present only a company registered under the Companies Act, 1956 or a Cooperative Marketing Society or Federation registered under the appropriate law, merchant-exporters as well as manufacturer-exporters would be eligible for recognition as export house. During the Survey it was mentioned by some exporters that partnership firms may also be permitted to be registered as export houses on the basis of their record of exports. Some partnership firms have excellent record and given the facilities available for export houses, their export performance can improve significantly. It may be necessary for the Government to lay down rules and regulations under which partnership firms could avail of the facilities of export houses.

11. EXPORT POTENTIAL OF INDUSTRIAL ESTATES IN MAHARASHTRA

The principal objective of establishing an industrial estate is to encourage small scale industry, to stimulate entrepreneurship by providing guidance and assistance to small industrialists at every stage of establishment and operation. Specific objectives of these estates depend upon the special needs and conditions of the area concerned. Whereas in the developing countries, the estates are used as media of industrial growth, in industrially developed countries, they are mainly established for planned location of industry. In certain cases, these two objectives may also have been combined.

11.2 Industrial estates can be classified on the basis of location, ownership or management and also on the basis of the nature of activities undertaken in the estates. Thus industrial estates could be private, co-operative, municipal and Governmental. Similarly, industrial estates can be ordinary, functional, ancillary, work-shed, staggered special and nurseries.

Advantages of Industrial Estates

11.3 The main advantages derived from establishment of industrial estates are as follows:

1. Industrial estates facilitate the decentralisation of industry and the industrial development in the area undeveloped. They are also an important tool in urbanisation policies.

2. Since the industrial estates are supposed to comprise a large number of industrial units together, the establishment of common facilities and introduction of modern techniques are facilitated.
3. The units in the estate could use the goods and services of one another and thereby become interdependent and complementary.
4. Industrial estates, being mass built, offer to the occupants, whether purchasers or tenants- the economies of scale in the form of lower prices or rent.
5. They reduce the risks of industrialists by virtue of provision to withdraw early from unsuccessful ventures, as buildings are often given on lease basis.
6. They integrate all or most of the facilities offered by the Government to encourage the establishment and growth of industry and improve productivity.
7. Industrial estate is a suitable device for developing large scale industrial complexes including heavy and light industries of all sizes, power plants, oil refineries, steel, chemical or electro-chemical plants.
8. Industrial estates may be used, as in Nigeria, as "Nurseries" or training grounds for small industries.

9. They help stimulate the local entrepreneurial talent and also help exploration of local raw materials.
10. Finally, industrial estates encourage development of industries in their vicinity, thereby becoming nucleus for further industrial growth.

11.4 The production of different items, engineering as well as chemical, is now undertaken by many units in the industrial estates, scattered all over Maharashtra. Although the products are not sophisticated or requiring special manufacturing techniques, these could be exported to the African, Middle-East and South East Asian countries.

Industrial Estates in India

11.5 On an All-India basis, about 360 industrial estates had been completed by 1967-68, as compared to 66 estates in 1960-61. Of about 8000 sheds provided, about 6000 sheds have been occupied. The small units set up in these estates provided employment to about 70,000 persons. As pointed out in the Draft Fourth Five-Year Plan, the programme of industrial estates met with greater success in urban areas than in rural and semi-urban areas, where it languished owing mainly to unsuitable location, lack of integrated planning and marketing facilities and shortage of raw materials. During the 4th Five Year Plan period it is proposed to consolidate the whole programme. Ordinarily, no new estates will be set up in the vicinity of cities and large towns. The programme of setting up of industrial estates, complete with factory premises will, however, be pursued in small towns and promising rural and backward

areas. Selection of sites for industrial development and industrial estates is proposed to be made on the basis of quick techno-economic surveys.

Growth of Industrial Estates in Maharashtra

11.6 Ten industrial estates were taken up for establishment during the Second Five-Year Plan period. Out of these, three estates were established fully on Government account, one through Poona Municipal Corporation and six through co-operative societies of entrepreneurs. All these estates have started functioning. The Government had accorded approval to as many as 59 places for establishment of industrial estates in the Third Five-Year Plan period. Out of these estates, 52 estates were proposed to be established through co-operative societies, 6, through government (including 3 functional estates (a) for automobile ancillaries (b) for electronics and electronic equipment and (c) for light engineering, and one through Bombay Municipal Corporation. However, during the Third Five-Year Plan period, only 31 estates could be established. The remaining 28 estates where some preliminary work of registration of society, selection of site, etc. alone carried out and no expenditure was incurred during the plan period, have therefore, been taken up for establishment in the Fourth Five-Year Plan period. Out of the 28 co-operative estates, proposed to be established during the plan period, co-operative societies have already been formed at 21 places and construction work has also started in 8 industrial estates. A statement showing the progress achieved in respect of industrial estates in the State is given at Annexure 11a.

The Survey

11.7 During the Survey, the study of the functions of the industrial estates was taken up as a separate subject with a view to suggesting how the production of these units could be co-ordinated and organised to enable them to effectively contribute to the export effort of the State.

11.8 In order to cover the estates in the different parts of the State a sample of industrial estates was drawn on regional basis. Care was also taken to ensure the coverage of various types of industrial estates, including cooperative estates, municipal corporation estates, M.I.D.C. estates, functional industrial estates, estates in urban/semi-urban/rural areas, etc. Accordingly, following estates were covered during the Survey:

Bombay Region

1. Kandivali
2. Dombivali
3. Nasik

Poona Region

1. Hadapsar (Poona)
2. Bhosari (Poona)
3. Sholapur
4. Vita

Marathwada Region

1. Aurangabad
2. Latur
3. Hingoli

Vidarbha Region

1. Nagpur
2. Amraoti

In addition, the Survey also covered Thana Industrial Area as it is a well developed area and the exporters are located in this area. Of the 12 industrial estates mentioned above, 7 are in the co-operative sector, four

are government estates and one is a municipal corporation estate.

11.9 The study is based on detailed discussions with the concerned authorities of the respective industrial estates, examination of the common facilities available and the problems pertaining to production and export. Besides, discussions were also held with 55 individual units including manufacturers as well as manufacturer/exporters. For the purpose of the study, the selected industrial estates have been grouped as follows:

- (i) Industrial areas in Thana and Kandivali, where the possibilities for exports are better, compared to other estates in the State.
- (ii) Other industrial estates in the State, viz. Nasik, Vita, Latur, Hingoli Nagpur, Amraoti, Hadapsar, Sholapur and Aurangabad.
- (iii) Functional industrial estates.

11.10 It was generally observed during the Survey that the problems regarding raw material, machinery, testing facility as well as other general problems of production as well as exports were not different for the units in the industrial estates than those for the units outside the industrial estates. Secondly, as the units in the estates are small scale industries, their problems were same as those faced by the small scale units outside the industrial estates. The difficulties relating to individual commodities have already been dealt with in the respective commodity chapters in Volumes II to IV of the Report. In this chapter, besides describing the general

problems, stress is laid on examining their functioning vis-a-vis the infra-structure provided and how far the basic ideas of common facilities in the estates are existing in practice. Recommendations regarding improvements in the infra-structure and provision of more common facilities as well as services made in this chapter would not only improve their overall performance but also their export prospects.

Thana Industrial Area

11.11 Thana Industrial Area came into being in the year 1960. The area was taken over by Maharashtra Industrial Development Corporation in 1962-63. The area covered by the industrial estate is 283 hectares. Out of the 633 plots 496 plots are allotted. 236 medium and large scale industries are functioning in the industrial estate. The total investment by the industrial units established in Thana Industrial Area is of the order of Rs 250 crores. The products manufactured in the industrial estate cover a wide range and the broad list is given separately in Annexure 11b. The commodities having export markets or export potential, produced in the estate are machinery, chemicals, agro-chemicals, pesticides, dyes and dyestuff, pharmaceutical products, plastic articles, electrical products, cotton, woollen, and synthetic fabrics, ready-made garments, transport equipment and spare parts, food and food products and paper and paper products. It is estimated that the total exports from the Thana Industrial Area are of the order of Rs 1 crore per annum. The Thana Manufacturers' Association is mainly instrumental in solving the problems of the industrial estate requiring roads, electricity and water supply. As these common problems affect indirectly the production and exports from the

goods inside the truck is deposited. The ad valorem basis of the levy has increased its incidence substantially for certain commodities. For instance, formerly octroi rate for nylon yarn was one paisa per kg. Now the rate of 2 per cent has increased the incidence manyfold.. For finer varieties of the yarn, the present levy is 300 times the old rate. It was reported that as a result of the burden of octroi levy, the new entrepreneur is hesitant to start his industry in Thana Industrial Area. There is even growing tendency in the established units for shifting out from Thana limits.

11.15 Provision of E.S.I.C. (Employees' State Insurance ~~for~~ provision), Hospital at Thana. So far there is no provision for the medical treatment in Thana Industrial area where about 50,000 workers are employed. For treatment, the employees are required to avail of the facilities at the Thana Civil Hospital which has only 7 beds. The acute need for such a hospital in Thana Industrial Area has been brought to the notice of the State Government. An early action in this regard would lessen the inconvenience to the industrial units in the area.

11.16 Transport. At present there are no State Transport buses serving the employees in Thana Industrial Area. The need is felt most at the time of morning and evening shifts. Whereas the large factories are in a position to employ special buses for transporting their employees between Thana Station and the factory, the small scale and medium scale units cannot make their own arrangement for vehicles. It is suggested that contract arrangement be permitted so that the State Transport authorities are enabled to provide the necessary vehicles to ply between the Thana Railway Station and the Industrial Area.

11.17 Security. The security arrangements existing in the Industrial Area are totally inadequate. The lack of enough police force has resulted in growing cases of theft and assault on employees in the area. The Home Department of the State Government should take urgent steps to provide a fully staffed police station within the industrial area. Poor street lighting at night is an additional reason for the growing crime in this area.

11.18 Fire Brigade. The Industrial units in the area have to depend upon the Thana Municipal Council for fire fighting services. The Thana Municipality has two fire engines which are not adequate. The MIDC should either provide a full fledged fire station or Thana Municipal Council may augment its fire fighting services.

11.19 Railway Transport Facilities. The facilities for goods shed at Thana are inadequate to serve the units in Thana area. The present goods shed has a small holding capacity of 19 wagons, which is not adequate for the growing traffic being generated from Thana area. Although railway authorities have finalised plans to construct a new shed for handling 50 wagons, there is no progress so far. A large number of units from Thana Industrial Area have to book their goods from Wadi Bunder. These units have to engage the services of transport agencies or keep their own large fleet of vehicles. This is an additional expense for the industries. At the same time due to the heavy congestion on Bombay roads, lot of time is wasted in transportation of goods, causing inconvenience to the industrial units.

11.20 Thana is an important suburban terminal on the main line. For the thousands of people coming to and going from Thana, the arrangement at the Thana Station

are inadequate. For the vehicles of different companies, the parking area at the Railway Station is insufficient. It is hoped that the proposed facilities at Kalwa-2 km. from Thana on the Thana Kalyan section would relieve the congestion on the road approaching Thana Station.

11.21 With the development of industrial units on Thana-Belapur area, sufficient goods traffic facilities on Thana-Belapur line are necessary. Despite the completion of the survey for the line, no effective steps are taken so far to implement the proposal.

11.22 Discharge of Effluents. A large industrial complex on the eastern side of the Thana-Belapur Road include chemical and petro-chemical industries. It has become difficult for the industries to make arrangements for the discharge of effluents into the creek on the west side of the road.

11.23 Water and power supply. Against the monthly requirements of 0.6 MGD of water, the actual water supply to this area is meagre. The upward revision of water and power rates have affected the industries in the area seriously. The rate for supply of water was raised to Rs 6/- for 10,000 litres, from Rs 4.60 for 10,000 litres. Higher tariff rates for power affect the operating costs of the industries. Since August, 1969, the rates have gone up by 27%. The frequent break-downs in power supply have become more or less routine. The voltage on the LT lines is often low, causing damage to voltage-sensitive machinery.

The Kandivali Industrial Estate

11.24 Kandivali Industrial Estate is situated at a distance of about 3kms. from the Kandivali Railway Station. The total area of the industrial estate measures 120 acres. The area is divided into 150 plots with 600 factory sheds.

Of these 590 sheds are built up and 10 sheds are under construction. Out of the 260 industrial units in the estate, 240 are working units. The classification according to the type of industry is as given below:

<u>Type of Industry</u>	<u>No. of units</u>
1. Plastics	30
2. Engineering	150
3. Electrical	20
4. Textiles	20
5. Pharmaceuticals	12
6. Steel furniture	6
7. Wooden furniture	3
8. Ice factory	1
9. Printing press	2
10. Agricultural equipment and pesticides	2
11. Others	14
Total	260

The indicative list of items being produced in the estate is given separately at annexure 11b. The estimated production of the units in some of the selected groups is given below:

	Value: Rs lakhs		
	1966-67	1967-68	1968-69
1. Engineering	100	110	110
2. Textiles	50	60	70
3. Pharmaceuticals	30	40	50
4. Electrical	10	10	10
5. Steel furniture	5	7	7.5
6. Others	5	3	5.0
Total	200	230	252.5

The industrial estate provides employment to about 5,000 persons. The total exports are worth around Rs 40 lakhs per annum. Some of the basic amenities which are normally provided to the industrial estate are lacking in the Kandivali Industrial estate.

11.25 Roads. The roads within the industrial estate area are in poor condition and these cause damage to the vehicles plying within the industrial estate. The industrial estate authorities complain that although they are paying development charges to the Municipal authorities, the roads are not improved.

11.26 Water Supply. The units in the industrial estate, irrespective of their requirements, have been provided with half an inch water connection only. The supply is sufficient for the small scale units. However, the units like garment making and cement tiles, require more water. The inadequate water supply is hampering the production of these units.

11.27 Drainage. In the Kandivalee industrial estate no effective drainage system exists. This results in the accumulation of water on the road side and on the low level plots. Underground drainage system is very essential in the industrial estate.

11.28 Other Difficulties. Despite the efforts by the Industrial Estate authorities, no post-office has been set up in the estate, thus causing inconvenience to the units in the industrial estate. There is also an acute need of a hospital providing medical facilities to the employees within the industrial estate.

Other Industrial Estates

11.29 The Survey indicated that other industrial estates selected for the study as indicated below have very little export potential and are still in the developing stage:

- i) Nasik (Dist: Nasik)
- ii) Vitar (Dist: Sangli)
- iii) Latur (Dist: Osmanabad)
- iv) Hingoli (Dist: Parbhani)
- v) Nagpur (Dist: Nagpur)
- vi) Amravati (Dist: Amravati)
- vii) Hadapsar (Dist: Poona)
- viii) Sholapur (Dist: Sholapur)
- ix) Aurangabad (Dist: Aurangabad)

11.30 These industrial estates have 114 working units, The annual production of all the industrial estates is worth about Rs 5 crores per annum. The list of products manufactured in these estates covers quite a wide range and the main items are:

Textiles	Rice and dal mills	Table spoons,
Foundry	Rolling mills, saw mills	Steel, brass, aluminium utensils.
Plastics	Food products	Transistor, radio
Mosaic tiles	Scientific apparatus	Ghamelas, buckets
Steel fabrications	Spare parts of diesel engines	Wire nails
Pattern making	Surgical instruments	Insecticides, fertilizers
Refined oil	Tyre retreading	Steel wool
Steel furniture	RCC pipes	Poha factory
Soaps & Chemicals	Conduit pipes	Water pumps
Hume and spun pipes	Shoe eyelet	Compressors
Rubber moulded goods	Aluminium powder	Cable castings

There are practically no exports from these estates. The majority of the manufacturing units are in the small scale sector. The problems faced by these units are more or less similar to those faced by the small scale

units situated outside the industrial estate. The problems concerned are discussed in the following paragraphs:

11.31 Land. The co-operative industrial units face the problems about the land required by them. The Vita industrial estate, for example, was not able to function, mainly on account of the delays in fixing the price of the land acquired by it. The Sholapur Industrial estate requires land for expansion but the adjacent piece of land is not easily available.

11.32 Water. The water is supplied to the Sholapur Industrial Estate through the tank at Hotgi. However, it was complained that the rates were high (Rs 1 per thousand gallons). The water connection has not yet been provided to the industrial estate at Hingoli.

11.33 Transport. At some of the places, the industrial estates are situated at quite a distance from the town and the transport arrangements for the employees are lacking. This is one of the reasons for non-availability of skilled labour in the industrial estates. This is particularly true in case of industrial estates at Sholapur, Nasik, Nagpur and Amravati.

11.34 Raw material and Finance. The problems of raw materials and finance are no less acute for the units in the industrial estates than those for outside units. These problems are summarised later in this chapter.

11.35 Functional Industrial Estates. Functional Estates are those where areas are reserved for industries producing products of the same group. The operating principle is that the units in the functional estates are supposed to produce similar and allied products which should be available as

components and spare parts to a particular industry, say, automobile, electronics, diesel engines, etc. Such estates therefore, have to be developed into a closely knitted cell with inter-dependent units, as has been done in Japan. The three functional estates in Maharashtra are given below:

<u>Location</u>	<u>Field of Specialisation</u>
Nagpur	Light engineering products
Dombivali	Automobile ancillaries
Bhosari	Electronics

11.36 In each of these, 24 plots varying in area (normally 0.50 to 0.75 acre) were developed with utilities, approach roads, and built up sheds. The built up sheds have workshop, office and sanitary block. Each functional estate was to have a common facility centre (CFC) and a technical library. The CFC was meant to provide assistance to entrepreneurs by offering the use of costly machinery - a sort of workshop doing job work for the entrepreneurs in the functional estates. In actual practice, the response at Nagpur and Dombivali was discouraging and hence both these estates were de-functionalised and are no longer reserved for light engineering and automobile ancillaries only. The sheds are now allotted to any entrepreneur who is willing to meet the terms of MIDC.

11.37 A functional estate for the light engineering industries would become successful, only if its products can serve as components of the main products produced in the estate itself or it has substantial orders from larger industries for producing spare parts and components. The functional estate at Nagpur has not succeeded because there are virtually no large scale engineering industries (except textile mills, and the ordinance factory) which can buy

components and spare parts from the estate. The present requirements for components/spare parts are completely met by small workshops in Nagpur town. Needless to mention that these established small workshops were most reluctant to shift to the functional estate, because of financial and transportation problems.

11.38 The reasons for the failure of the Dombivli Estate are as follows:

- (1) When this functional estate was ready to be allotted in 1965 there was a depression in the automobile ancillaries industries.
- (2) Automobile ancillaries were well established in and around Bombay and were reluctant to move to new sites since this would incur increased overheads.
- (3) Most of the established units in Bombay have many activities besides auto-spare parts, because they have to divert their spare production capacity. Merely depending upon auto-spare parts was not found worthwhile by them.
- (4) The demand for automobile ancillaries from a particular automobile manufacturer is not steady, the manufacturers often reallocate the orders to different parties thereby effecting wide fluctuations in the production programme of the ancillaries.

11.39 So far as Bhosari Industrial Estate is concerned, the response was poor in the beginning (upto 1968), but the government is determined to use at least one functional estate for the purpose for which it was meant.

Its total area is 250 acres, 23 plots have been occupied out of the 24 developed plots (including 3 plots for warehouses occupied by other manufacturers), but common facility centre is not utilised and the machinery is lying idle and has already started rusting. The technical library does not exist.

11.40 The following products are planned to be produced or being produced in the estate: transistorised telephone amplifiers, PVC garn condensers, transistors, radios and components thereof, wire wound potentiometers, carbon deposit type potentiometers, hard and soft ferrites, electronic devices and components, IFT oscillation coils, ferrite antennas, loud speakers, electronic components, electronic equipment, machinery and components, miniature IF transformers for transistor circuits, ferrites for radio antennas, condensers, and air controlling equipment.

11.41 Out of the 23 allotments, three are for godowns of large scale industries. Four units have yet to begin production and four have closed down temporarily, because of disputes amongst partners. It was found that many units were making electrical products, which are quite distinct from electronic components and spare parts. The total area in the estate, leaves enough scope for any other development schemes that the Government might propose in the future. An immediate plan is to build another 24 sheds on the same lines as the previous plan. The general problems of the estate are described below:

11.42 Transport. The site of the estate is too far from township of Pimpri, Chinchwad, Kirkee and Poona. This discouraged skilled labour to go for work in the estate and as such only semi-skilled labour is available from the

vicinity. There is a need for a fly station at the point of the Nasik bifurcation off the Bombay-Poona road. In addition to this, frequency of Municipal buses from Poona, Pimpri and Dapodi should be increased and buses leaving Pimpri and Dapodi should ply along the circuit routes:

11.43 Water. At present the main source of water is from the sewage tanks near Pimpri. The water is treated but in the months of March to June it becomes infested with mass of algae and is far from potable. A scheme to provide better water is under way and will be completed by the end of this year.

General Problems of Production and export in the Industrial Estates

11.44 As indicated earlier, the problems of small scale industries and the problems of the units in the industrial estates do not differ except the problems in respect of basic infrastructure expected of industrial estates. Apart from the lack of basic infrastructure already described above there are certain general problems faced by the majority of the units in the industrial estates, particularly by those in the small scale sector. These are discussed below:

Problems of Production

11.45 Raw materials. The products manufactured in the industrial estates cover wide range and include electronic and electrical instruments, agricultural machinery and implements, household utility items, plastics, chemicals, etc. The raw materials required for engineering units are mainly iron and steel sheets, tin sheets, CRCA sheets and M.S. strips. The shortage of these items and their high

prices affect the production of the units in the industrial estates. MSSIDC is already aware of the problem. A special attention needs to be paid towards the sufficient supply of the raw materials to the exporting units from the industrial estates.

11.46 In the case of imported raw materials considerable time is spent for getting A.U. licences. Imports of certain raw materials like brass and copper tubes of some sizes are only allowed on getting the non-availability certificates from the indigenous sources. During the Survey the small scale units in the industrial estates reported abouts the delay in getting such certificates. Some times STC or the MMTC are not able to supply the required raw material of right quality and in required quantities at the right time, despite the release order issued to the small units.

The manufacturers thus have to purchase their requirements from the open market by paying a high price. It is suggested that the STC and MMTC may be allowed by the Ministry of Foreign Trade to keep the buffer stock of the scarce raw materials for supplying to the industrial units. The units in the estates have suggested that the prices of canalised items should be reasonable as compared to the landed costs.

11.47 The imports of some items are banned by the government on the assumption that these are manufactured in the country. For instance in the case of some of the dye intermediates which are banned for imports only the licences are given and no production has yet started. Solutions to such problems which are common with other units in the State have been suggested in the respective commodity chapters in volumes II to IV of the Report.

11.48 Raw material Depots. In order to meet the requirement of scarce raw material of the small scale industries, the Maharashtra Small Scale Industries Development Corporation have opened raw material depots at various places in Maharashtra. The State Director of Industries have appointed the MSSIDC as a nominee for getting the imported canalised raw materials from the STC/MMTC for distribution to the small scale industries. It was mentioned that the prices of the raw materials supplied through the MSSIDC are higher than the prices at which these items can be obtained directly by the large units, because of the addition of one point in the channel of distribution the service charges of the STC/MMTC and the service charges of the depots themselves. The small scale units thus are put at a disadvantage as compared to the large scale units. The establishment of a raw material bank which has been suggested elsewhere in the Report, will cater to the requirements of the industrial estates as well.

11.49 Machinery and Components. The units in the industrial estates require machinery and components for expansion and replacement. The National Small Industries Corporation arranges for procurement of indigenous and imported machinery on hire-purchase basis. The units are required to pay 20 per cent of the face value of machines as earnest money. In case of state guarantee or bank guarantee, the earnest money deposits are reduced by 50 per cent. The Corporation charges interest at 7 per cent per annum on the value of the machines supplied. In addition, it charges 6 per cent of the value of machines as service charges. The State Bank of India also advances loans to the small industries for the purchase of either new or

second hand machinery. It charges interest at 8¹/₂ per cent per annum. The units in the estates suggested that the NSIC may bring down its charges to make its scheme more attractive to the small scale units.

11.50 Finance and Credit. The units in the industrial estates being mostly proprietary or partnership concerns, do not have access to the capital market. These units are usually housed in the leased buildings and their machinery sometimes has been arranged through hire-purchase schemes of the NSIC or State Bank of India. As such, these units lack tangible fixed assets required as security by the banks and other financial institutions. It is suggested that the State Directorate of Industries may evolve a scheme in consultation with the MSFC and SICOM to liberalise the credit terms to the units in the industrial estates, considering their special problems relating to the arrangement of security in tangible assets.

11.51 Shortage of Skilled Labour. The Industrial estates are generally situated away from the town. The distance of the industrial estates from the town is felt too far particularly when the infra-structure is underdeveloped.. The skilled labour is unwilling to go to the industrial estates unless housing accommodation or transport facility is available in the neighbourhood of the industrial estates.

Problems of Export

11.52 The problems like the lack of export information, difficulties in availing import replenishment, cash subsidy, drawback of customs and refund of excise and octroi tax which are faced by exporters are also.

faced by the units in the estates and hence these are not mentioned here.

11.53 Export Finance. Finance is provided to the small scale units by various organisations and institutions. The State Trading Corporation has EASI scheme under which various types of assistance is provided to the small scale manufacturers and exporters. The small scale manufacturers in the estates are unable to secure benefit from the scheme because applications for a loan of less than Rs 10,000 are not usually entertained. The small exporters are of the opinion that the EASI scheme should cover all the industries. The interest charged under EASI scheme is at the rate of 9 per cent per annum. It is suggested that the interest charged by EASI be brought at par with that on the packing credit of the commercial banks.

11.54 Trade Fairs and Exhibitions. The exporters in the industrial estates expressed their inability to participate in the international trade fairs and exhibitions due to the limited resources at their disposal. The Indian Council of Trade Fairs and Exhibitions gives concessions on block booking of space by the associations of manufacturers. It is suggested that the concession may be extended to the industrial estates also.

11.55 Trade Delegations of Small Scale Units. It was mentioned that due representation is not given to the small scale sector when the delegations are sent abroad to explore foreign markets. It was suggested that special delegations and teams representing small scale exporting industries be sent abroad periodically.

11.56 Training in Export Marketing. Many small scale units are ignorant of the export marketing techniques and procedures. On account of lack of training in this branch, these units do not venture to export. It is suggested that the Directorate of Industries in collaboration with SISI, organise short courses in export marketing at important industrial estates on nominal fees. The

11.57 Export Prospects from Industrial Estates. It is estimated that the products worth about Rs 150 lakhs to Rs 200 lakhs are exported each year from the industrial estates in Maharashtra. The engineering and chemical products form bulk of the exports. There are indirect exports from the units in Industrial estates but the extent of such exports in terms of value cannot be assessed as the units are not aware of the exports of the end products. On the whole, the industrial estates in Maharashtra were neither established with a view to promote exports, nor were the export oriented units attracted to the industrial estates. Exports made from the industrial estates are on account of individual efforts only. The industrial estates located in Bombay-Thana-Poona belt are comparatively better placed as regards available facilities for production for exports. Hence drive for exports from the industrial estates can be started from the units situated in the industrial estates in Bombay-Poona region.

Conclusions and Recommendations

11.58 The industrial estates are established at various places in Maharashtra to take industrial development to the interior of the State. The Thana, Bombay and Poona

region is the foremost in industrial development in Maharashtra. The industrial estates at most of the places are lagging behind in efforts to develop the industries in the respective districts. The Survey revealed that the main reason for this is lack of entrepreneurship. Dynamic leadership is required for developing industrial estate and it has to come from within and cannot be trust upon from outside. The efforts of the State Government may be concentrated on the well-developed industrial estates at places like Thana, Kandivali, Poona, Nagpur and Kolhapur, where entrepreneurs are interested in exports. Besides solving the problems of the industrial estates, like provision of proper roads, electricity, water and common facility centre, the following steps may be taken to promote the exports from the selected industrial estates:

1. The Directorate of Industries should open export promotion cells in these selected industrial estates. The officers appointed in charge of this cell should be well conversant with the export marketing techniques and procedures. These officers, in association with the SISI and the industrial estate authorities, should identify the exportable products from the industrial estate and assist the manufacturing units in exporting their products. They should help the exporting units from the industrial estates in availing of the benefits of drawback of duties, freight concessions, export assistance, etc.
2. The State Government may consider the feasibility of establishing a special industrial estate in Bombay for export worthy commodities only, so that the export activities as well as the production activities of such units could be co-ordinated and the common services in this estate could be utilised for exports. Unless estates are established with a specific objective of promoting exports, the role of industrial estates in promoting the exports from the State will not be significant.

A N N E X U R E S

EXPORTS OF SURVEYED ITEMS FROM MAHARASHTRA

Value: Rs lakhs

<u>Items</u>	<u>1963-69</u>	<u>1973-74</u>
Group I: <u>Engineering Goods</u>	983.4	1,975.0
Group II: i) Footwear	71.6	150.0
ii) Travel Goods and		
Leather Apparel, Leather Belting		
Group III: <u>Plastics</u>	365.1	1,145.0
Group IV : <u>Marine Products</u>		
i) Frozen - Prawns, Shrimps, Froglegs, Lobster's tails	167.5	463.0
ii) Canned - Shrimps, and Prawns, Mackarel, Sardines		
Group V : <u>Chemicals and Allied Products</u>		
i) Cashewnut Shell Liquid	Nil	Nil
ii) Rubber Products (Surgical and Medi- cal Rubber Products, Rubber and Canvas Footwear)	83.2	130.0
iii) Paper & Paper Products	106.0	306.0
iv) Glass and Glassware	23.0	82.0
v) Ceramic Products	10.0	40.0
vi) Paints, Pigments, Var- nishes and Enamels	169.40	N.A.
vii) Wood and Wood Products	50.1	130.0
viii) Shellac	33.0	Nil
ix) Basic Chemicals	16.0	336.0

<u>Items</u>	<u>1968-69</u>	<u>1973-74</u>
x) Dyestuffs and Inter- mediates	84.0	210.0
xi) Drugs & Pharmaceuti- cals	95.0	541.0
xii) Insecticides & Pesti- cides	4.1	No estimate
xiii) Fertilisers (incl. crushed bones)	52.0	H.A.
ix) Soaps incl. Industrial Soaps, Toilet Soaps, Washing Soaps, Deter- gents & Toilet Preparations	85.0	175.0
Group VI: <u>Fresh and Processed Fruits & Foodstuffs</u>		
i) Fresh Fruits, Bananas, Citrus Fruits, Grapes, Mangoes etc.	57.30	490.5
ii) Canned Fruits and Juices	91.0	250.0
iii) Biscuits, Confectionery and Cocoa Products	64.5	205.5
Group VII: <u>Textiles</u>		
i) Made-Up Textile Articles Mill Sector	360.0	450.0
ii) Powerloom Made Up Articles	50.0	120.0
iii) Ready-Made Garments (incl. Neckties)	483.70	1,500.0
iv) Hosiery Goods (incl. knitted garments)	20.50	60.0
Group VIII: Gems and Jewellery	3,744.4	6,500.00
Group IX: 1. Coir mats and } Mattings } 2. Curled Coir }	Nil	5.0
Group X: Cinematographic Films	271.0	375.0
Total	<u>7,540.7</u>	<u>15,638.5</u>

Source: Field Survey

Dock Scale of Rates on Surveyed items
Charged by the Bombay Port Trust

<u>Rate No.</u>	<u>Description of Goods</u>	<u>Unit of Charge</u>	<u>Rate Rs.</u>
5	Asbestos and asbestos material	Tonne	8.00
20	Cashew shell liquid in bulk	Tonne	4.00
21	Cashew shell liquid not in bulk	Tonne	6.50
24	Chemicals liquid not otherwise specified	Tonne	10.00
25	Chemicals non-liquid not otherwise specified	Tonne	5.00
29	Coir and Coir Products	Tonne	5.00
32	Drugs and medicines-in-cases, casks, barrels, drums and bags	Tonne	6.60
33	Dyes and Colours of all kinds	Tonne	14.00
35	Fertilisers-Chemical	Tonne	3.50
37	Fish and other marine food products	Tonne	4.50
41	Fruits and vegetables fresh not otherwise specified	Tonne	3.50
43	Glass and glass products	Tonne	20.00
46	Hosiery haberdashery, millinery and wearing apparel	Tonne	12.00
47	Industrial alcohol and spirits, non portable.	Tonne	24.00
48	Instruments, apparatus, fittings and appliances, scientific, medical, photographic and electrical including precision instruments used in industry and parts thereof	Tonne	100.00 Subject to a minimum of Rs 20.00
50	Lac, gums and resins	Tonne	5.50
51	Leather and leather manufactures	Tonne	10.00
53	Machinery of all kinds, not otherwise specified, including electrical machineries, boilers, machine tools, machinery parts, etc.	Tonne	7.50

<u>Rate No.</u>	<u>Description of Goods</u>	<u>Unit of Charge</u>	<u>Rate Rs.</u>
54	<u>Metal and metal products excluding machinery</u>	Tonne.	7.50
	i) Wires and cables		7.50
	ii) Hardware	Tonne	8.00
	iii) Metals and metal products not otherwise specified	Tonne	10.00
57	<u>Motor vehicles</u>		
	i) Parts of motor vehicles	Tonne	12.00
58	Moulding Powder	Tonne	12.00
64	Oils and fats not otherwise specified	Tonne	4.50
66	Paints and painters' material	Tonne	7.00
67	Paper and paper products of all kinds	Tonne	6.50
69	Plastics and plastic manufactures	Tonne	12.50
75	Rubber manufactures	Tonne	12.50
85	Textiles, cotton, silk, woollen and synthetic	Tonne	5.00
88	Toilet preparations and perfumes	Tonne	25.00
91	<u>Wood and Timber</u>		
	(i) Timber in logs	Tonne of 1.39 cubic metres	6.50
	(ii) Wooden products n.o.s.	Tonne	13.50

Note: Rates for other items surveyed in the Export Potential Survey are not separately specified.
For unspecified items (92) Non-heavy lifts each package weighing less than 1½ tonnes the rate is Rs 12.50 per Tonne.

- / (93) All heavy lifts being individual packages weighing singly 1½ tonnes or more excluding motor vehicles
(i) Weighing 1½ tonnes but not exceeding 3 tonnes - Rs 15 per tonne.
(ii) Exceeding 3 tonnes - Rs 18 per tonne.

(1)	(2)	(3)	(4)
3.	Bombay/East African Services	Bombay	Seychelles, Mombasa, Dar-es-Salaam and Zanzibar <u>at</u> <u>ask of</u> <u>trust</u> <u>969</u>

4.	Bombay/West Asia (Gulf) Service	Passenger-cum-cargo sailings from Bombay	Passenger-cum-cargo sailing to follow fixed ports; Karachi, Gwadu, Muscat, Doha, Bahrain, Khorramshahr, Ba
		Bombay/ Saurashtra	Bahrain, Kuwait, 3 Khorramshahr, Ba 1 Dubai, Doha, Dammam Muscat. 2
		Bombay	Dubai, Kuwait, 2 Khorramshahr, Ba 1 Abu Dhabi, Dammam
		Bombay	Bahrain, Kuwait, 3 Khorramshahr, Ba 3

Source: Shipping

Penang	1	6	6	4	3	5
Singapore	10	7	12	8	9	10
Djakarta	2	2	-	-	2	3
Japan	6	10	10	7	9	7
Bangkok	1	2	1	-	1	3

	(5)	(6)	(7)
Basra, Monthly sailing id		1) British India Steam Nav. Co. Ltd., (British)	Own. Office
		2) Shipping Corporation of India Ltd., (India)	
argo 2/3 sailings owing every month achi, Dubai, Kuwait, srah		1) B.I.S.N. Company (This is a single member conference of which B.I. are the members at present and freight tariff has been worked out by them)	
	1/2 sailings a srah, month man,	2) The Shipping Corporation of India Ltd.	
srah, -do-		3) The Scindia Steam Navigation Co. Ltd.	
srah -do-		4) Damodar Bulk Carriers	

Shipping Corporation of India

packages weighing singly $1\frac{1}{2}$ tonnes
or more excluding motor vehicles
(i) Weighing $1\frac{1}{2}$ tonnes but not
exceeding 3 tonnes - Rs 15 per tonne.
(ii) Exceeding 3 tonnes - Rs 18 per tonne.

Annexure 4c

Number of Vessels due in the Bombay Port for Export

	<u>Last week of October 1968</u>	<u>Last week of November 1968</u>	<u>Last week of February 1969</u>	<u>Last week of March 1969</u>	<u>Last week of April 1969</u>	<u>Last week of August 1969</u>
<u>Loads for Red, Mediterranean & Black sea and UK, continent ports</u>						
Genoa	1	2	2	1	2	3
Naples	-	1	1	1	1	1
Beirut	2	1	2	1	3	2
Alexandria	1	1	1	2	1	2
Algeria	2	2	1	1	2	1
Antwerp	5	5	6	3	5	3
Rotterdam	4	5	7	5	1	3
Hamburg	3	3	6	5	4	4
Liverpool	5	3	3	2	3	2
London Hull	1	1	1	-	1	1
Manchester	1	-	-	-	-	1
Belfast	3	1	1	1	1	1
Glasgow	2	2	1	1	1	1
Dunkirk	1	2	2	1	1	1
Copenhagen	1	1	2	1	1	1
Casablanca	3	-	1	-	1	2
Marseilles	2	3	2	1	3	3
<u>Far East</u>						
Penang	7	6	6	4	3	5
Singapore	10	7	12	8	9	10
Djakarta	2	2	-	-	2	3
Japan	6	10	10	7	9	7
Bangkok	1	2	1	-	1	3

Annexure 4c (contd.)

	<u>October</u> <u>1968</u>	<u>November</u> <u>1968</u>	<u>February</u> <u>1969</u>	<u>March</u> <u>1969</u>	<u>April</u> <u>1969</u>	<u>July</u> <u>1969</u>
III <u>U.S. Ports</u>						
New York	7	4	6	5	6	8
Sanfrancisco	4	5	4	2	2	3
Los Angels	5	6	5	3	3	4
IV <u>Gulf Ports</u>						
Bahreirn	1	1	1	3	1	3
Khorramshahr	7	4	2	4	4	3
Kuwait	6	3	2	4	4	4
Dubai	3	2	1	2	1	2
Muscat	2	2	1	2	-	2
Basrah	6	3	2	4	4	3
V <u>Fiji Ports</u>	3	2	1	3	2	3
VI - <u>others</u>						
Colombo	2	1	3	2	3	5
Rangoon	2	-	2	1	-	1

Source: H.F. Modi, Daily Shipping Times, Bombay

Annerure 4d

Cargo handled at the Docks and Bunders of
Bombay during the past six years

Qty: D.W. Tonnes in thousands

<u>Year</u>	<u>Imports</u>	<u>Exports</u>	<u>Total</u>
1962-63	11,077	4,861	15,938
1963-64	11,885	5,464	17,349
1964-65	12,133	5,212	17,345
1965-66	12,976	5,140	18,116
1966-67	13,227	5,039	18,266
1967-68	12,444	4,521	16,965
1968-69	12,096	4,309	16,405

Source: Bombay Port Trust:

Annual Administration Report,
1968-69.

ARTICLE

S.No. Articles

Maximum rates of
octroi leviable

(2)

(3)

Class I - Articles of food and drink

1. Grain, flour, pulses and cereals of all sorts, including gaver, soyabean, parched grain and paddy : 12 Paise per 50 kg.
2. (a) Sugar : 75 Paise per 50 kg.
(b) Gur of all sorts : 15 Paise per 50 kg.
3. Wines and spirite and beer : 77perccent: ad valorem
4. Ghee : Rs 4 per 50 kg.
5. Vanaspathi and hydrogenated oils : Rs 4 per 50 kg.
6. Tea, coffee and coffee seeds : 2 Paise per kg.
7. Saffron : 7 per cent. ad valorem
8. Edibles - bacon and hams, table butter, butter other than table butter, margarine, dried or preserved fruits and nuts excluding fresh fruits and betel nuts, canned fish, cheese, confectionery, jams and jellies, milk condensed and preserved, all sorts of farneaceous foods, pickles, cocoa, cocoabeans and chocolates, biscuits and cakes, lard or edible animal fat, mawa, milk cream, chakka and curds, fruit juices and all beverages, Glucose, Dextrose or any fruit sugar, oilman stores (except edible oils), preserved provisions, baking or curry powder, :

6 per cent. ad valorem

(1)	(2)	(3)
	saccharan, all kinds of food colours and essences, glucose of all other kinds, malt extract, honey, papad, meat fresh or preserved for whatever use, and all kinds of food or drink not specifically provided for, excepting whole milk, toned milk and skim milk powder	
9.	Dates, dry	75 Paise per 50 kg.
10.	Dates, wet	50 Paise per 50 kg.
<u>Class II - Animals</u>		
11.	Sheep, goats, lambs and kids	25 Paise per head
12.	(a) Oxen, cows, buffaloes and horses	Rs 2 per head
	(b) Calves	50 Paise per head
13.	Pigs	50 Paise per head
<u>Class III - Articles used for fuel, lighting, washing and industrial use</u>		
14.	Charcoal, coal and coke	60 Paise per metric ton
15.	(a) Crackers, fireworks and their components and safety fuses	5 per cent ad valorem
	(b) Calcium carbide	3 per cent ad valorem
16.	Chandeliers, globes, chimneys, electric bulbs and articles for electric or gas lighting	2 per cent ad valorem
17.	Soap of all kinds, boot and metal polish	1½ per cent ad valorem
18.	Potash, ritha, soda, alum, saline substances, shikekai, washing soda, caustic soda, refined saltpetre, phenyl and other substances used in washing clothes, floor and utensils	25 Paise per 50 kg.

Annexure 7a (contd.)

(1)	(2)	(3)
19.	Oil seeds of inedible oils	50 Paise per 50 kg.
20.	(a) Inedible vegetable oils (b) Castor oil	Rs 2 per 50 kg. Rs 1.50 per 50 kgs
21.	Methylated and denatured spirits and industrial alcohols	3 per cent, ad valorem
22.	(a) Mineral oils of oil sorts, diesel oil, petrol, aviation spirit, all kinds of lubricating oils, white oil, spindle oil, furnace oil, petroleum products, kerosene oil, sevasol, solvent oil, other fuel oils, oils used as insecticides, naphtha, gasoline, paints, solutions and compositions, Turkey Red Oil and by-products of mineral oils; but nothing hereinbefore contained shall include Kerosene and Crude Oil (b) Crude Oil (c) Grease and petroleum jelly	1 Paise per litre 1 Paise per 4 litres 2 per cent ad valorem

Class IV - Articles used in the construction of building, roads and other structures and articles made of wood or cane

23.	Cement of all sorts	Rs. 1 per metric ton
24.	(a) Coal tar, asphalt, bitumen, flooring stone, manganese, emery stone or powder, chalk powder, Stonechips, Agra stone, stone for building, clinker and coal ash (b) Rubbles (c) Stone metal (d) Stone powder	7 Paise per 50 kg. 2 Paise per 50 kgs 4 Paise per 50 kgs 1.5 Paise per 50 kgs
25.	Glazed bricks, tiles, marble pieces, fire bricks, bricks, all kinds of roofing tiles, flooring tiles, China mosaic chips, mosaic marble, mosaic or Terrazo tiles, earthen pipes, China pipes, cement pipes and asbestos cement sheets	2 per cent, ad valorem

Annexure 7a (contd.)

(1)	(2)	(3)
26.	Paints, distemper and colour washes used for painting buildings, varnish, boiled linseed oil, turpentine, zinc oxide and red oxide	2 per cent ad valorem
27.	Yellow earth and earth of any other kind except red earth	7 Paise per 50 kg.
28.	Glass, glassware, chinaware, enamelware, all kinds of crockery used for construction or decoration of buildings and sanitary fittings, metal valves, brass cocks and their fittings	2 per cent ad valorem
29.	Roofing felt	1 per cent ad valorem
30.	Timber, ballies, cane and articles made of any of them, doors, windows, frames, furniture, pegs, staircases, sandal wood and articles made of such wood	3 per cent ad valorem
31.	Plywood, soft boards, hard boards, masonite or any other kind of wood of whatever composition prepared by artificial process and articles made thereof	3 per cent ad valorem
Class V - <u>Perfumes, toilet requisites, colours and household goods</u>		
32.	(a) Hair oil, perfumed oils, perfumery of all kinds, scents, attars, scented material, incense sticks, aromatic chemicals, toilet requisites of all kinds, shaving cream, shaving sticks, tooth powder, tooth paste, pomade, combs, brushes, looking glasses, hairpins, breeches, garters and suspenders	2 per cent ad valorem

(1)	(2)	(3)
	(b) Scissors, razors, safety razors, blades, knives, penknives, spoons, forks, cutlery of all kinds, needles of all sorts, locks and keys, stoves and petromax and their parts and accessories and hardware articles	2 per cent ad valorem
	(c) Laces; tapes; rings of wood and metal, embroidery articles, celluloid articles, beads of all sorts, imitation pearls, articles of imitation jewellery, plastic and plastic goods, plastic powder, bakelite and bakelite goods	2 per cent ad valorem
33.	(a) Imitation ornaments	3 per cent ad valorem
	(b) Toys of all kinds	1½ per cent ad valorem
34.	Crocery of all sorts	2 per cent ad valorem
35.	Glass and glassware including bangles, bottles, articles of china and porcelain-ware and earthenwares (excluding articles used for construction of decoration of buildings)	2 per cent ad valorem
Class VI - <u>Tobacco requisites</u>		
36.	Cigar and cigarette holders, smoking pipes, cigarette paper, tobacco cases, pouches, cigar and cigarette cases, hukka and smoking requisites and cigarette lighter	3 per cent ad valorem
Class VII - <u>Piece-goods, cotton, yarn and threads of all sorts and starching and sizing materials, leather and articles of leather and rubber goods</u>		
37.	Piece-goods of wool, silk, linen, hemp, artificial and synthetic materials and articles made up purely or partly of any of the above materials not otherwise specified	1 per cent ad valorem

Annexure 7a (contd.)

(1)	(2)	(3)
38.	Cotton ginned or unginned	Rs 2 per bale
39.	Cotton waste, yarn waste and hard waste	25 Paise per 50 kg.
40.	Raw or unspun wool hemp, jute, coconut and other fibres, and rope and articles made thereof	1 per cent ad valorem
41.	Yarn and threads of all sorts	$\frac{1}{2}$ per cent ad valorem
42.	Starches of all sorts, sago rice and flour, arrowroot, tapioca and its flour, tamarind powder, farina starches and sizing materials, tallow, sizing oils and such substitutes	50 Paise per 50 kg.
43.	Hides and skins	1 per cent ad valorem
44.	Leather including harness, saddles, bags, boxes, shoes, chappals, slippers, sandals, straps and all articles made of leather	1 per cent ad valorem
45.	Rubber tyres and tubes	2 per cent ad valorem
46.	(a) Rubber goods, gatta purcha and articles made thereof, wholly or partly, rubber solution and latex	$\frac{3}{4}$ per cent ad valorem
	(b) Raw rubber	$\frac{1}{2}$ per cent ad valorem
Class VIII - <u>Metals and Articles made of metals</u>		
47.	Iron and steel--	
	(a) pig iron, (b) blooms, billets and slabs, (c) structurals-- (i) joists, (ii) channels, (iii) angles, equal or unequal, (iv) bulbs or toe, (v) light rails, (vi) fish plate for light rails, (vii) shell, steel ingots, blooms, billets, and bars,	Rs 3 per metric ton

(1)	(2)	(3)
	<p>(viii) black or galvanised shafts, plain or corrugated, (ix) plates, ordinary mild steel including boiler and high tensile ship building or bullet proof, (x) bars and rods, (xi) bolts, nuts, washers, rivets and such other articles, (xii) wire barbed telegraph or other kinds of black galvanised, (xiii) wire nails, (xiv) spring steel, vehicular or flat bars, (xv) hoops and strips, and (xvi) pipes</p>	
48.	Iron and steel--scrap	Rs 3 per metric ton
49.	<p>Iron and steel--any other articles manufactured from iron or steel other than cutlery, hardware and machines or machine parts not specifically provided for</p>	Rs 3 per metric ton
50.	<p>Machinery and their components and spares--</p> <p>(s) (i) electric machinery for generation, transmission and distribution and motors and generators and their components and spares, (ii) electric goods including cells, batteries and copper strips, horn electric, (iii) electrical fittings and materials, (iv) electrical domestic appliances, (v) electrical machinery of all kinds, control switch gear, generators, alternators and dynamos, motors, transformers and turbo generating sets, (b) agricultural machinery and parts, (c) oil engines, diesel engines, steam engines, petrol and gas engines and machines worked by hydraulic pressure, and their parts, (d) tools of all kinds, (e) printing press machines and spares, (f) any other machinery, its components and spares not specifically provided for</p>	2 per cent ad valorem

(1)	(2)	(3)
51.	Vehicles--	
(a)	(a) motor cars, motor cycles, chassis and lorries	2 per cent ad valorem
	(b) bicycles, perambulators, carriages, all kinds of vehicles and their components and spares	2 per cent ad valorem
52.	Instruments, apparatus and appliances and parts thereof:	2 per cent ad valorem
	(a) sewing machines, clocks and watches and typewriters, and their spares, (b) radio, radiograms, television set or apparatus, loudspeakers, gramophones, amplifiers, wireless goods, their components and spares, (c) photographic machinery, photo goods and materials including photographic chemicals, films and mounts, and their components and spares, (d) cine projection machinery, their components, spares, and materials used therein, (e) surveying apparatus, (f) scientific appliances; (g) optical goods, their spares and accessories, surgical instruments and hospital requirements, including their spares and accessories, (h) mill and gin stores including crucibles, cotton ropes, and (i) all kinds of apparatus, appliances and spares	
53.	Non-ferrous metals including brass, copper, tin, aluminium, lead, zinc, German silver, stainless steel, their alloys, wires, wares, and sheets, ingots and circles	50 Paise per 50 kg.

(1)	(2)	(3)
Class IX - <u>Miscellaneous</u>		
54.	Dyes, tans, indigo and all colouring matter including printing paste and inks	2 per cent ad valorem
55.	Paper— (a) newsprint, (b) cardboards, strawboards, grey boards and mill-boards, (c) all kinds of paper of whatever composition and thickness	50 Paise per 50 kg.
56.	Lac and cork and articles made thereof	1 per cent ad valorem
57.	Sculptured articles of wood, stone, clay or metal, other articles and earthen ware	2 per cent ad valorem
58.	Chinaware, porcelainware and electric insulators not otherwise specified	2 per cent ad valorem
59.	(a) Cinema films, all films raw, (b) Cinema films processed and reels	Rs 2 per 300 metres
60.	Molasses	75 Paise per metric ton

Source: Municipal Corporation of Greater Bombay,
Octroi Rules, 1965.

Annexure 8a

LIST OF SURVEYED ITEMS SUBJECT TO COMPULSORY
QUALITY CONTROL & PRE-SHIPMENT INSPECTION

<u>Item</u>	<u>Date of Enforcement</u>	<u>Recognised Inspection Agency</u>
Fruits and vegetable products	1-7-1961	Agricultural Marketing Adviser
Prawns (canned in brine)	15-3-1965	Export Inspection Agencies
Prawns (canned or dry packed)	15-3-1965	Export Inspection Agencies
Prawns (frozen)	15-3-1965	Export Inspection Agencies
Frog legs (frozen)	1-3-1966	Export Inspection Agencies
<u>Organic Chemicals</u>		
(a) Acetic Acid	15-5-1966	Cargo Inspectors & Superintendence Co. Pvt. Ltd.,
(b) Ethyl alcohol	15-5-1966	Inspection & Testing Co. (India) Pvt. Ltd.
<u>Inorganic Chemicals</u>		
(a) Sulphuric acid (battery grade)	15-5-1966	
(b) Hydrogen peroxide	15-5-1966	
(c) Hydrochloric acid	15-5-1966	Italab Private Ltd.,
(d) Ferric alum	15-5-1966	R.V. Briggs & Co. Pvt. Ltd.,
(e) Aluminium sulphate (non-ferric)	15-5-1966	Therapeutics Chem. Res. Corporation
(f) Manganese sulphate	15-5-1966	
<u>Rubber gloves</u>		
(a) Rubber Industrial gloves	1-8-1966	Essen & Co.
(b) Rubber surgical gloves	1-8-1966	Inspection & Testing Co. (India) (P) Ltd.
(c) Rubber ice bags	1-9-1966	Mitra S.K. Private Ltd.
(d) Rubber hot water bottles	1-9-1966	R.V. Briggs & Co. of India (P) Ltd.

Annexure 8a (contd.)

<u>Item</u>	<u>Date of Enforcement</u>	<u>Recognised Inspection Agency</u>
<u>Inorganic</u>		
(a) Zinc Oxide	15-9-1966	Cargo Inspectors & Superintendence Co. Private Ltd.,
(b) Red Lead	15-9-1966	Chem-Med Analytical Laboratories
(c) White Lead	15-9-1966	Eskaps (India) Private Ltd.
		Erssen & Co. General Superintendence Co. (India) P. Ltd. Geo-Chem Laboratories (P) Ltd. Indian Standards Institution Inspection & Testing Co. (India) P. Ltd. Italab Private Ltd., Mitre S.K. Private Ltd., R.V. Briggs Co. Private Ltd Superintendence Co. of India (P) Ltd., Therapeutics Chem. Res. Corporation Export Inspection Agencies.
P.V.C. Resin	1-9-1966	Export Inspection Agencies
<u>Organic</u>		
(a) BHC	1-8-1966	Indian Standards Institution
(b) BHC and other powders	1-8-1966	Indian Standards Institution
(c) BHC dispersible powder	1-8-1966	Indian Standards Institution
(d) DDT and other powders	1-8-1966	Indian Standards Institution
(e) DDT dispersible powders	1-8-1966	Indian Standards Institution
(f) BHC dispersible concentrates	1-8-1966	Indian Standards Institution
(g) DDT dispersible concentrates	1-8-1966	Indian Standards Institution

Annexure 8a (contd.)

<u>Item</u>	<u>Date of Enforcement</u>	<u>Recognised Inspection Agency</u>
(j) Aldrin emulsifiable concentrates	1-8-1966	Indian Standards Institution
(j) Aldrin dusting powders	1-8-1966	Indian Standards Institution
(k) Endrin emulsifiable concentrates	1-8-1966	Indian Standards Institution
<u>Paints and Allied Products</u>		
(a) Ready-mixed paints and enamels of all types, including primer fillers, under-coating and finishing	1-9-1967	Export Inspection Agencies
(b) Varnishes of all types (prepared from natural resins or synthetic resins or both)	1-9-1967	Export Inspection Agencies
(c) Plastic emulsion paints of all types	1-9-1967	Export Inspection Agencies
(d) Nitrocellulose lacquers, clear or pigmented including fillers, primers/surfacers	1-9-1967	Export Inspection Agencies
(e) Paste paints and paste distempers	1-9-1967	Export Inspection Agencies
Vacuum Flasks	20-5-1968	Export Inspection Agencies
Ceramic Products	25-7-1969	Export Inspection Agencies
<u>Engineering Products</u>		
Cast Iron manhole covers and frames	1-7-1966	Cargo Inspectors & Superintendence Co. Pvt. Ltd. General Superintendence Co. (India) Pvt. Ltd.
Cast Iron soil pipes and fittings	15-10-1965	Govt. Quality Marking Centres of Engineering goods Directorate of Industries Inspection & Testing Co. (India) (P) Ltd. Lloyds' Register of Shipping M.N. Dastur & Co. (P) Ltd. N.C. Corporation (P) Ltd., Superintendence Co. of India (P) Ltd Export Inspection Agencies

Annexure 8a (contd.)

<u>Item</u>	<u>Date of Enforcement</u>	<u>Recognised Inspection Agency</u>
Galvanised Steel barbed wire for fencing	30-3-1966	
Oil pressure lanterns	30-3-1966	
Oil pressure stoves	30-3-1966	
Spoons made of stainless steel brass and nickel silver	30-3-1966	
Wire gauge for general purposes	30-3-1966	
Electric Cables & conductors	31-3-1967	Export Inspection Agencies Indian Standards Institution
Automobile spares, components and ancillaries	3-10-1967	Export Inspection Agencies
Diesel engines	3-10-1967	Export Inspection Agencies
Electric Fans	3-10-1967	Export Inspection Agencies
Small tools and hand tools	13-10-1967	Export Inspection Agencies
Powder Driven Pumps	3-10-1967	Export Inspection Agencies
Stainless steel utensils	1-3-1968	Govt. Quality Marking Centres for Engineering Goods, Directorates of Industries
		Export Inspection Agencies
<u>Coir Yarn</u>		
(a) Anjengo A	1-10-1966	Export Inspection Agencies
(b) Anjengo M	1-10-1966	Export Inspection Agencies
(c) Aratory	1-10-1966	Export Inspection Agencies
(d) Imitation Alapat/Ashtamudy/Caruwa	1-10-1966	Export Inspection Agencies
(e) Real Alapat	1-10-1966	Export Inspection Agencies
(f) Vycome (Weaving).	1-10-1966	Export Inspection Agencies
(g) Beech	1-10-1966	Export Inspection Agencies
(h) Hard unsosked	1-10-1966	Export Inspection Agencies
(i) Roping	1-10-1966	Export Inspection Agencies
(j) Beypore	1-10-1966	Export Inspection Agencies

Annexure 8a (contd.)

<u>Item</u>	<u>Date of Enforcement</u>	<u>Recognised Inspection Agency</u>
(k) Quilandy	1-10-1966	Export Inspection Agencies
(l) Fine unsoaked	1-10-1966	Export Inspection Agencies
(m) 3-Ply	1-10-1966	Export Inspection Agencies
(n) Single ply	1-10-1966	Export Inspection Agencies
(o) Super fine unsoaked	19-10-1967	Export Inspection Agencies
<u>Coir Products</u>		
(a) Coir door mats-Creel	20-12-1965	Export Inspection Agencies
(b) Coir door mats-Bit	20-12-1965	Export Inspection Agencies
(c) Coir door mats-Fibre	20-12-1965	Export Inspection Agencies
(d) Coir door mats-Rod	20-12-1965	Export Inspection Agencies
(e) Coir mats-Gymnasia	18-9-1967	Export Inspection Agencies
(f) Coir mats-Sinnet	18-9-1967	Export Inspection Agencies
(g) Coir mats-Corridor	18-9-1967	Export Inspection Agencies
<u>Footwear (Slippers)</u>		
(a) Footwear	1-9-1967	Export Inspection Agencies
(b) Leather	1-9-1967	Export Inspection Agencies
(c) Part Leather	1-9-1967	Export Inspection Agencies
(d) Sandals	1-9-1967	Export Inspection Agencies
(e) Other Slippers	1-9-1967	Export Inspection Agencies
Leather Footwear	1-9-1967	Export Inspection Agencies
Footwear with leather soles & part leather uppers	1-9-1967	Export Inspection Agencies
Footwear rubber-soled & with leather uppers	1-9-1967	Export Inspection Agencies
Footwear, leather-sole & with fabricated uppers	1-9-1967	Export Inspection Agencies
Footwear, rubber-soled & with canvas uppers	1-9-1967	Export Inspection Agencies
Footwear, rubber-soled & with other textile uppers	1-9-1967	Export Inspection Agencies
Footwear with other textile materials	1-9-1967	Export Inspection Agencies
Rubber footwear	1-9-1967	Export Inspection Agencies
Other sorts of footwear	1-9-1967	Export Inspection Agencies

11_a

MANAGERIAL SET UP FOR
BETWEEN RS.50 LAKH

31.3.69)

		Expor.	
Asstt. Manager* (Sales)	Asstt. Manager (Documentation)	Asstt. (Sales)	R E M A R K S (10)
Sr. Asstts. i) Scheduling ii) Despatches	Sr. Asstts. i) R.E.I. ii) Incentives iii) Shipping iv) Misc.	(Sal Cler	F F F F F F F

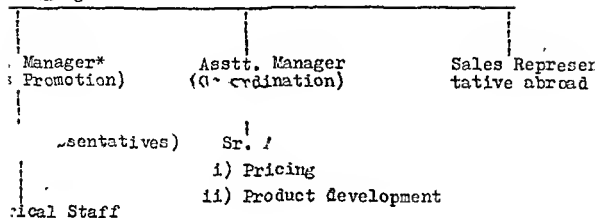
* These two posts
is sufficient :

Asstt. Manager	51	23	2	14	10	1.22	67	F
Sawantwadi	44	7	2	4	4	1.50	44	F

(Contd....)

UNITS HAVING EXPORT TURNOVER
RS AND RS.1 CRORE PER ANNUM

Manager



could be separated only if there
and continuous flow of orders.

PROGRESS OF INDUSTRIAL ESTATES IN
MAHARASHTRA

(Position as on 31.3.69)

Sl. No.	Location of the Industrial Estate	Target of Sheds	Sheds Constructed	Sheds under Construction	Sheds working	Units functioning	Half year-ly production (Rs. in lakhs)	Employment	REMARKS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

IIInd FIVE YEAR PLAN ESTATES

1. Kurla	31	31	-	31	31	94.34	921	F
2. Karad	23+13	25	1	21	12	8.37	167	F
3. Hadapsar	155 Plots	56	1	48	48	296.90	386	F
4. Kolhapur	79	62	6	61	61	54.14	638	F
5. Ichalkaranji	88	83	2	82	142	70.75	234	F
6. Sangli	211	126	6	86	122	96.27	295	F
7. Nagpur	63	52	4	37	19	37.46	273	F
8. Amravati(G.)	29	29	-	16	16	4.69	104	F
9. Nanded	80	54	7	38	21	45.00	152	F
10. Parli Vaijnath	38	7	13	5	4	0.33	15	F

IIIRD FIVE YEAR PLAN ESTATES

11. Kandivali(G)	600	326	242	325	149	446.4	4755	F
12. Bapti Road	121	124	-	87	87	-	548	F
13. Jalgaon	58	19	4	18	11	6.30	110	F
14. Bhusawal	25	-	-					UC
15. Bassein	62	8	20	6	6		78	F
16. Ratnagiri	51	23	2	14	10	1.22	67	F
17. Sawantwadi	44	7	2	4	4	1.50	44	F

(Contd.....)

Annexure 11a (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
18. Kudal		57	5	8	5	8	1.05	32	F
19. Dhulia		31	15	-	6	6	2.83	32	F
20. Nasik		148	73	36	51	27	23.15	358	F
21. Rarvati		25	25	-	13	13	10.01	74	F
22. Lonawala		49	14	F	11	11	7.10	89	F
23. Galtakadi		42	32	2	13	13	12.05	186	F
24. Satara Road		40	Nil	-	-	-	-	-	UC
25. Koregaon		47	Nil	-	-	-	-	-	Society gone in liquidation
26. Miraj		32	24	2	21	23	38.82	252	F
27. Vita		-	-	-	-	-	-	-	CNS
28. Sholapur		66	53	-	39	40	85.52	500	F
29. Barsi		60	2	-	2	1	1.30	9	F
30. Shrirampur		54	10	-	10	8	1.51	45	F
31. Kopargaon		17	6	-	4	3	2.45	85	F
32. Wardha		47	Nil	-	-	-	-	-	UC
33. Chandrapur		40	13	4	14	2	9.94	200	F
34. Jalna		50	17	4	17	11	16.17	134	F
35. Aurangabad		46	15	8	8	6	5.16	87	F
36. Paithan		7	7	-	24	3	0.13	11	F
37. Hingoli		46	8	-	-	-	-	-	UC
38. Latur		50	10	-	3	3	2.20	39	F
39. Dombivli		24	24	-	-	-	-	-	UC
40. Bhosari		24	24+1	-	1	1	7.62	28	F
41. Nagpur		25	24	-	-	-	-	-	UC

(Contd....)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>IVTH FIVE YEAR PLAN ESTATFS</u>									
42. Goregaon	123	-	-	-	-	-	-	-	UC
43. Marol	46	-	-	-	-	-	-	-	UC
44. Kandivali (Co.op)	-	-	-	-	-	-	-	-	CNS
45. Thana	-	-	-	-	-	-	-	-	CNS
46. Palghar	56	-	-	-	-	-	-	-	CNS
47. Panvel	41	-	-	-	-	-	-	-	SNS
48. Khopoli	35	-	-	-	-	-	-	-	SNS
49. Kamothe	215	-	6	-	-	-	-	-	UC
50. Chinlun	36	-	11	-	-	-	-	-	UC
51. Malegaon	-	-	-	-	-	-	-	-	LA
52. Manmad	-	-	-	-	-	-	-	-	SNF
53. Baramati	50	-	-	-	-	-	-	-	SNS
54. Bhore	-	-	-	-	-	-	-	-	SNF
55. Ahmednagar	74	2	1	2	2	2.20	40	-	F
56. Jaysingpur	28	-	-	-	-	-	-	-	US
57. Kurunolwad	-	-	-	-	-	-	-	-	SNF
58. Katol	-	-	-	-	-	-	-	-	SNF
59. Bhandara	-	-	-	-	-	-	-	-	LA
60. Shegaon,	-	-	-	-	-	-	-	-	LNS
61. Khamgaon	-	-	-	-	-	-	-	-	LA
62. Akola	-	-	-	-	-	-	-	-	SNF
63. Washim	-	-	-	-	-	-	-	-	SNF
64. Murtizapur	-	-	-	-	-	-	-	-	SNF
65. Yeotmal	-	-	-	-	-	-	-	-	LA
66. Amravati	-	-	-	-	-	-	-	-	CNS
67. Vaijapur	-	-	-	-	-	-	-	-	SNF

(Contd.....)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
68. Dharmabad	-	-	-	-	-	-	-	-	LA
69. Kinwat	-	-	-	-	-	-	-	-	SNF

Abbreviations

- F - Functioning
- UC - Under construction
- CNF - Construction not started
- LA - Land acquisition proceedings are in progress
- LNS - Land not selected so far
- SNF - Society is not formed and registered

Source: Department of Industries, Government of Maharashtra.

IMPORTANT PRODUCTS PRODUCED IN KANDIVALI
INDUSTRIAL ESTATE AND THANA
INDUSTRIAL AREA

KANDIVALI INDUSTRIAL ESTATE

- | | |
|--------------------------------------|--|
| 1. Basic metals | Castings, Ferrous and non-ferrous utensils, lead pipes, nuts, bolts, screws |
| 2. Machinery | Diesel engines, pumpsets, trailers, trolleys, chemical pharmaceutical, textile, machinery, concrete mixers vibrators |
| 3. Pharmaceutical Products | |
| 4. Plastic Products and raw material | Bangles, pens, ball-pens, spectacle frames, radio cabinets |
| 5. Electrical products and machinery | Fans, distribution boards, panels, motor starters, high H.P. Motors, Mica capacitors |
| 6. Synthetic fabrics | |
| 7. Transport equipment | Plain and curved glass meters, taxi meters auto etc. |
| 8. Miscellaneous products | Alarm clocks, Camera equipment
Cine film reels, Mathematical and surveying equipment |

THANA INDUSTRIAL AREA

- | | |
|-----------------|---|
| 1. Basic metals | Ferrous and non-ferrous castings, bars, angles, wire products, tin containers |
| 2. Machinery | Pumps, diesel engines, chemical plants, fork-lift trucks, textile machinery, foundry equipment, |
| 3. Chemicals | Agro-chemicals, fertilizers, pesticides |

4. Dyes and Dyestuff
5. Pharmaceutical products
6. Plastic articles Bangles, spectacle frames, Radio, cabinets
7. Electrical products and machinery Cables, motors, switch boards, panels, lamps, radio sets, power transformers, fans
8. Cotton woolen silk and synthetic fabrics
9. Ready made garments
10. Transport equipment and spare parts Fuel injection equipment, bulbs, glass, bus and coach bodies
11. Food and food products
12. Wood paper and paper products Packaging materials
13. Miscellaneous products Air conditioners, coolers, fibre glass, ceramic glazed tiles, fire extinguishers

